HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

TURNING VISION INTO REALITY

Annual Report **2024**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato Sri Dr Chee Hong Leong
Independent Non-Executive Chairman
(Redesignated w.e.f 1 March 2025)

Ang Sui Aik
Group Managing Director

Sham Weng Kong
Executive Director

Ong Tzu Chuen
Non-Independent Non-Executive Director

Liew Jee Min @ Chong Jee Min
Senior Independent Non-Executive Director
(Appointed w.e.f 1 March 2025)

Oon Seow Ling
Independent Non-Executive Director

Shahjanaz Binti Datuk Kamaruddin
Independent Non-Executive Director

AUDIT COMMITTEE

Oon Seow Ling *(Chairperson)*
Shahjanaz Binti Datuk Kamaruddin *(Member)*
Liew Jee Min @ Chong Jee Min *(Member)*
(Appointed w.e.f 1 March 2025)
Dato Sri Dr Chee Hong Leong *(Member)*
(Resigned w.e.f 1 March 2025)

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Dato Sri Dr Chee Hong Leong *(Chairman)*
Sham Weng Kong *(Member)*
Liew Jee Min @ Chong Jee Min *(Member)*
(Appointed w.e.f 1 March 2025)
Dato' Chan Choun Sien *(Member)*
(Resigned w.e.f 4 February 2025)

NOMINATION AND REMUNERATION COMMITTEE

Liew Jee Min @ Chong Jee Min *(Chairman)*
(Appointed w.e.f 1 March 2025)
Oon Seow Ling *(Member)*
Shahjanaz Binti Datuk Kamaruddin *(Member)*
Dato Sri Dr Chee Hong Leong *(Chairman)*
(Resigned w.e.f 1 March 2025)

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482 / SSM PC No. 202208000250)
Tan Lay Khoon
(MAICSA 7077867/ SSM PC No. 202208000544)
Lee Kok Ping
(MIA 44986 / SSM PC No. 202008004407)

CORPORATE INFORMATION
cont'd

REGISTERED OFFICE

B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
Tel No. : 03-9770 2200
Fax No. : 03-2201 7774
Email : boardroom@boardroom.com.my

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

No.63 & 64, Jalan Bayu Laut 4/KS09,
Kota Bayuemas, 41200 Klang,
Selangor.
Tel No. : +603-3003 3333
Fax No. : +603-3003 3330

AUDITORS

Messrs Ecovis Malaysia PLT (AF 1825)
D-10-03, Level 10, Exsim Tower
Millerz Square@Old Klang Road
Megan Legasi, No. 357, Jalan Kelang Lama
58000 Kuala Lumpur
Tel no : +603-7986 0066
Email : kuala-lumpur@ecovis.com.my

PRINCIPAL BANKERS

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
Ambank Islamic Berhad
Bangkok Bank Berhad
Bank of China (Malaysia) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

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
Tel No. : +603-2783 9299
Fax No. : +603-2783 9222
Email : is.enquiry@vistra.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Ordinary Shares
Stock Name : HEXIND
Stock Code : 0161

WEBSITE

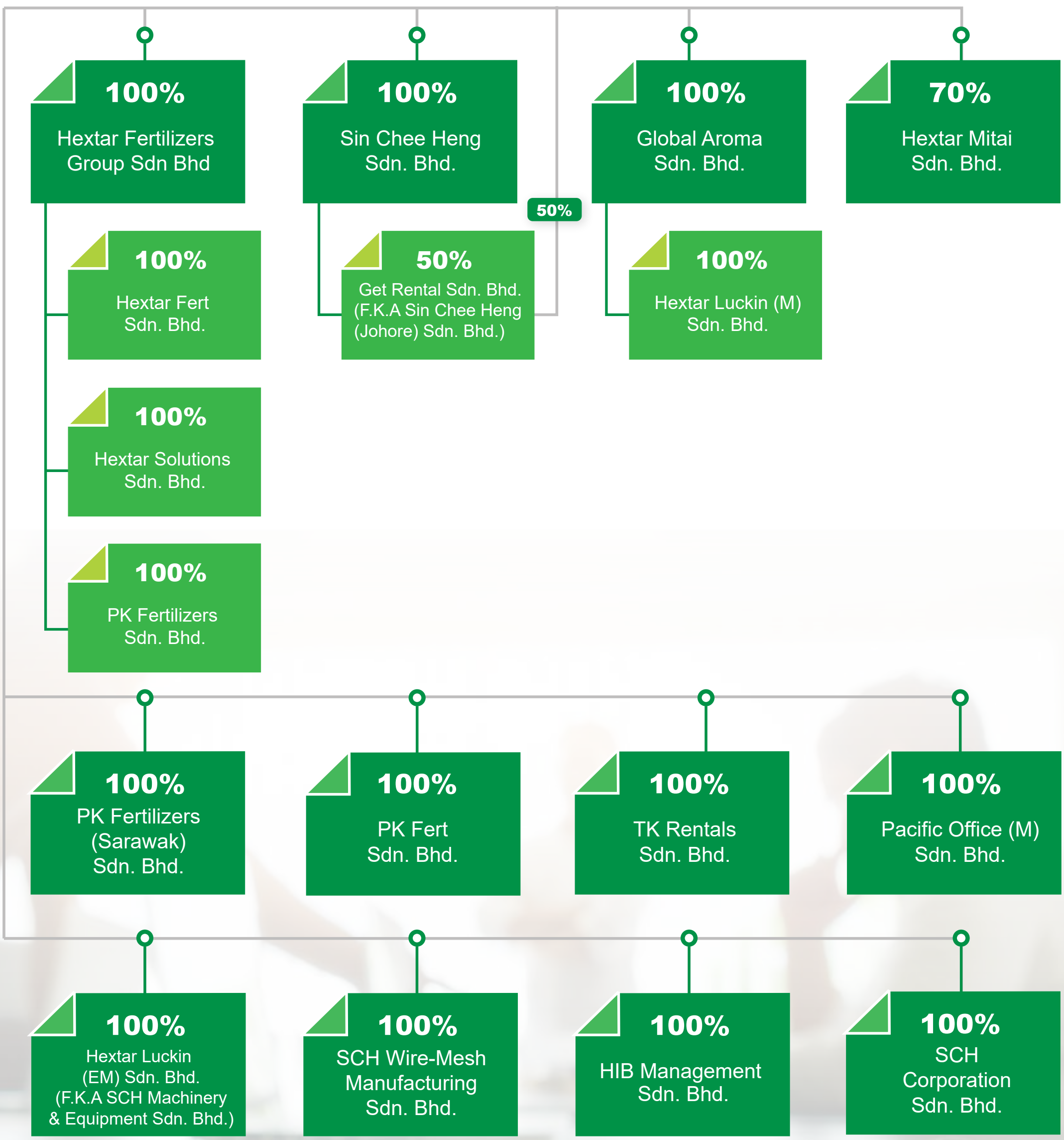
www.hextarindustries.com

INVESTOR RELATIONS

Email : finance.hexind@hextar.com
Tel No. : 03-3003 3333
Fax No. : 03-3003 3330

CORPORATE STRUCTURE

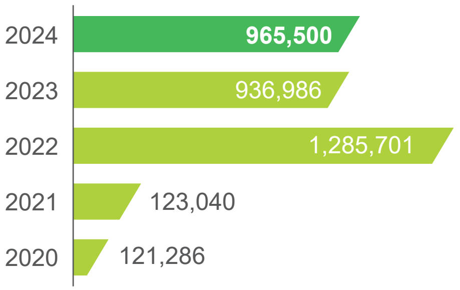
HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)



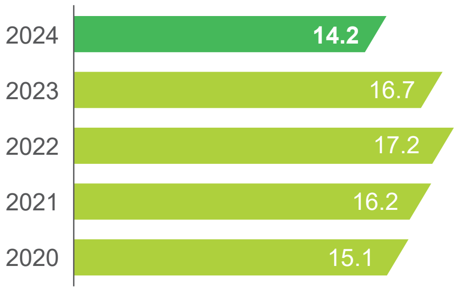
FINANCIAL HIGHLIGHTS

Financial Year/ Period Ended		31 August 2020 (12 months)	31 August 2021 (12 months)	31 December 2022 (16 months)	31 December 2023 (12 months)	31 December 2024 (12 months)
KEY FINANCIALS						
Revenue	RM'000	121,286	123,040	1,285,701	936,986	**965,500**
Gross Profit (GP)	RM'000	18,361	19,949	221,139	156,179	**136,808**
GP Margin	%	15.1	16.2	17.2	16.7	**14.2**
(Loss)/Profit Before Tax (LBT)/PBT	RM'000	(7,620)	537	115,615	57,182	**39,341**
(LBT)/PBT Margin	%	(6.3)	0.4	9.0	6.1	**4.1**
(Loss)/Profit After Tax (LAT)/PAT	RM'000	(7,891)	1,916	98,041	42,078	**28,273**
(LAT)/PAT Margin	%	(6.5)	1.6	7.6	4.5	**2.9**
Basic (Loss)/Earnings Per Share (Basic EPS)	sen	(3.34)	0.68	4.01	1.53	**1.00**

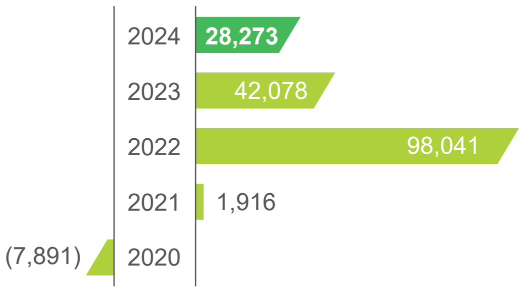
REVENUE
(RM'000)



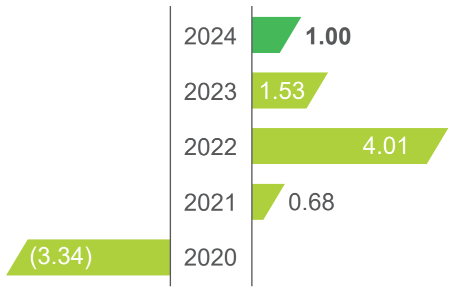
GP MARGIN
(%)

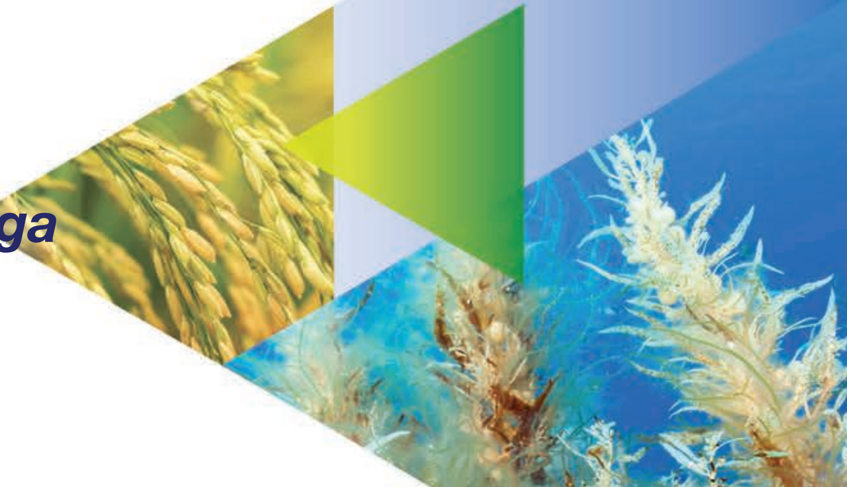


(LOSS)/PROFIT AFTER TAX (LAT)/PAT
(RM'000)



BASIC (LOSS)/EARNINGS PER SHARE (BASIC EPS)
(Sen)





SEAKING +Alga

Biostimulant

CHB SEAKING 1
(10:10:12+Alga)

CHB SEAKING 3
(12:6:26+Alga)

CHB SEAKING GOLD
(12:10:20+Alga)

NUTRI GARD™

NANO BIO POLYMER

NUTRI GARD 44
(12:6:22:3 + NBP)

NUTRI GARD 45
(12:12:17:2 + NBP)

NUTRI GARD 65
(15:15:15 + NBP)

NUTRI GARD NK
(10:5:30 + NBP)

海 馬
SEA HORSE ®
Since 1980

CHERRI
15:15:15+S+TE
(Nitrate Based)

CHERRI
13:6:26+S+TE
(Nitrate Based)

KAKA 168+B+TE
(16:8+B+TE)
Enriched with TRANSFORMER

KAKA 828+B
(8:28+B)
Enriched with TRANSFORMER

*KAKA 44
(12:6:22:3+TE)

*KAKA 45
(12:12:17:2+TE)

*KAKA 55
(15:15:6:4+TE)

*KAKA 65
(15:15:15)

KAKA 105
(10:5:20:2+TE)

BAJA KAWAN 136
(13:6:23:2+TE)

KAMAS SUPER
(12:32:MgO+CaO)

CERIA 123
(12:5:23:1+0.5B_2O_5+OM)
Enriched with TRANSFORMER

Since 1963

CHB

Hextar • Baja

CHB KING 15:15:15+S+TE
(Nitrate Based)

CHB KING 13:6:26+S+TE
(Nitrate Based)

SUPER-K
(7:3:30+B+Si)

MPOB F2
(10.7:9.1:17.3:1.4+B)

CHB 44
(12:6:22:3+TE)

CHB 45
(12:12:17:2+TE)

CHB 55
(15:15:6:4+TE)

CHB 65
(15:15:15+TE)

CHB EMAS 123
($12:5:23:1+0.5B_2O_5$+OM)
Enriched with TRANSFORMER

CHB 168+B+TE
(16:8+B+TE)
Enriched with TRANSFORMER

CHB 828+B
(8:28+B)
Enriched with TRANSFORMER

CHB 666
Plant Organic +E.M.

PK FERTILIZERS

RH ADVANTAGE

RH RED

RH BLUE

SUPER 7

COMPOUND
44

COMPOUND
45

COMPOUND
55

COMPOUND
13/13/21

NUTREX
SUPER 6

COPPER
SULPHATE

BLACK
KING KONG

HIGH
GREEN

PK FERTILIZERS SARAWAK

PK POWER
COMPACTED 10-4-30-2

COMPACTED COMP
NPK 8-4-24-2+0.5B+HG

COMPACTED
10.5/30

COMPACTED COMP
RH 9-4-34+0.5B

MIX NK 10.5/30

MIX NK 12.6/24

MOP

SUPREME
PHOS JORDAN

ERP 26-28%

PK SUPER 10
(10-4-27+HG)

UREA

KIESERITE

BOARD OF DIRECTORS

Standing from left:

Oon Seow Ling | Liew Jee Min @ Chong Jee Min | Sham Weng Kong, Alex

Sitting from left:

Ang Sui Aik, Benny | Dato Sri Dr Chee Hong Leong | Ong Tzu Chuen | Shahjanaz Binti Datuk Kamaruddin

PROFILE OF DIRECTORS

DATO SRI DR CHEE HONG LEONG

Independent Non-Executive Chairman
Chairman of Risk Management and Sustainability Committee

Aged : 61

Nationality : Malaysian

Gender : Male

Dato Sri Dr Chee Hong Leong ("Dato Sri Dr Chee") was appointed to the Board on 10 May 2021.

He graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989, both from McMaster University, Hamilton, Ontario, Canada. In 2023, he was awarded an Honorary Doctor of Business Administration from Segi University, Malaysia. In 2024, he successfully earned a Doctor of Business Administration from Asia E University, Malaysia, further solidifying his expertise in the field. He began his career in 1990, coordinating the development of corporate and annual strategic plans for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses, including designing and building individual bungalows for landowners of various housing projects in the Klang Valley, as well as constructing and operating a 100,000 square feet Information Technology Incubation Centre in University Putra Malaysia. Subsequently, he joined Tanco Resort Berhad from year 1998 to year 2002, where he held various positions, from General Manager to Executive Director/ Chief Operating Officer.

In 2003, he joined M&A Equity Holdings Berhad (formerly known as SYF Resources Berhad), as an Independent Non-Executive Director and was subsequently appointed as Executive Director on 2 December 2011 till to-date. In 2023, he was appointed as the Executive Director of Ho Hup Construction Company Berhad and is involved in the strategic planning and business development of the company. In March 2024, he resigned as Executive Director and was appointed as Chief Executive Officer of the company.

He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

ANG SUI AIK, BENNY

Group Managing Director

Aged : 67

Nationality : Malaysian

Gender : Male

Ang Sui Aik, Benny was appointed as the Group Managing Director on 1 January 2021.

He graduated from the University of Western Australia with a Bachelor of Science in Agriculture (Hons.), majoring in soil science and plant nutrition.

He has been in the agricultural industry since his graduation in 1982. He commenced his career with Behn Meyer (M) Sdn Bhd where he gained extensive experience in business development, agronomy advisory services to plantations, fertilisers and agrochemicals over 17 years. Thereafter, he joined Taiko Fertilizer Marketing Sdn Bhd ("Taiko"), where he spent 13 years expanding Taiko's fertiliser business into East Malaysia and Indonesia. The last position he held in Taiko was Managing Director. In 2013, he joined Hextar Fertilizers Group of Companies ("Hextar Fertilizers") as Managing Director. He was involved in managing, overseeing the operations of Hextar Fertilizers as well as the expansion of Hextar Fertilizers in the overseas market. In 2018, he was promoted to Group Managing Director of Hextar Fertilisers where he continues undertaking his previous responsibilities. He was subsequently redesignated as HIB Group's Managing Director in January 2021 where he assumed his current responsibilities.

He does not hold directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

SHAM WENG KONG, ALEX

Executive Director
Member of Risk Management and Sustainability Committee

Aged : 48

Nationality : Malaysian

Gender : Male

Sham Weng Kong, Alex was appointed to the Board as the Executive Director of the Company on 30 December 2022.

He graduated with a Bachelor's Degree in Business and Marketing from University Tun Abdul Razak and has more than 20 years of working experience in the fertiliser industry. He started his career as a Sales Executive in a local fertiliser company. In 2003, he was promoted to Sales Manager and subsequently to General Manager in 2005, where he was responsible for the entire operations of the fertiliser business. In 2007, he joined Hextar Fertilizers Sdn Bhd as General Manager, where he was involved in the start-up and growth of the fertilisers business of the company. In 2010, he was promoted to Marketing Director, where he played a key role in expanding the fertiliser business into the export market. In 2018, he was promoted to Managing Director of Hextar Fertilizers Limited ("HFL") group where he was responsible for managing the fertiliser segment of the group covering Malaysia as well as the export markets including Indonesia, Vietnam, Myanmar and Thailand. In 2019, he was appointed as Director of Hextar Solutions Sdn Bhd to oversee its entire operations in Malaysia. In 2022, following the HFL Acquisition, he was redesignated as the Executive Director of HIB Group where he assumed his current responsibilities.

He does not hold directorships in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

OON SEOW LING

Independent Non-Executive Director
Chairperson of Audit Committee
Member of Nomination and Remuneration Committee

Aged : 53

Nationality : Malaysian

Gender : Female

Oon Seow Ling was appointed to the Board as an Independent Non-Executive Director of the Company on 1 July 2023.

She graduated from Tunku Abdul Rahman College with a foundation in MICPA. She obtained her professional qualification from The Malaysian Institute of Certified Public Accountants (MICPA) and has been a member of Malaysian Institute of Accountants (MIA) since 2000. She has more than 25 years of experience in finance related functions, holding various financial positions in public listed companies.

In 1995, she began her career at BDO PLT as an Audit Assistant, where she was involved in providing auditing services. She was promoted to Audit Senior in 1999 and had left BDO PLT in 2001. In the same year, she joined RNC Corporation Berhad as the Group Finance Manager and oversaw the company's financial operations. Thereafter, in 2005, she left RNC Corporation Berhad and joined K-One Technology Berhad in the same year as Group Finance Manager. She was subsequently promoted to Group Finance Director in 2008, where she was responsible for overseeing the financial operations of the Group, establishing strategies and budgets as well as leading cost control measures undertaken by the Group. She was also involved in the group financial statements reporting and ensuring compliance of listing requirements. In 2011, she left K-One Technology Berhad to join Peter Ooi & Co PLT as a Business Consulting Director where she was involved in spearheading business growth, researching new market opportunities and developing a network of contracts for business opportunities.

She does not hold directorships in any other public listed companies. She does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

ONG TZU CHUEN

Non-Independent Non-Executive Director

Aged : 42

Nationality : Malaysian

Gender : Female

Ong Tzu Chuen was appointed to the Board as a Non-Independent Non-Executive Director of the Company on 27 July 2020.

She graduated from Macquarie University, Australia in 2003 with a Bachelor of Accounting. Upon completing her undergraduate education, she obtained her professional CPA Australia in 2004.

She spent two years servicing audit and tax services in Sydney, Australia. She then started her career in Malaysia, where she held various finance and management positions. Over the years, she has accumulated more than 10 years of corporate management experience, including identifying, evaluating and developing investment opportunities to invest, as well as directing the setup and expansion of various companies across multiple industries in Southeast Asia.

Currently, she is the Executive Director for KIP REIT Management Sdn. Bhd., which manages KIP Real Estate Investment Trust that is listed on the Main Market. She is the sister of Dato' Ong Choo Meng, and daughter of Dato' Ong Soon Ho, both the Major Shareholders of the Company and other than that, she has no other conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

SHAHJANAZ BINTI DATUK KAMARUDDIN

Independent Non-Executive Director
Member of Audit Committee and Nomination and Remuneration Committee

Aged : 61

Nationality : Malaysian

Gender : Female

Shahjanaz Binti Datuk Kamaruddin was appointed to the Board as an Independent Non-Executive Director of the Company on 1 March 2024.

She graduated from the University of Kent at Canterbury with a Bachelor's Degree in Law and was called to the Bar at Lincoln's Inn, London, in 1987. She was also called to the Malaysian Bar the following year. As an in-house general counsel, she was an active member of the Malaysian Corporate Counsels Association until 2018. Subsequently, she became active in other professional bodies related to the legal profession, including the Inns of Court Malaysia.

She is a UK trained legal professional with 29 years of extensive experience in legal and company secretarial roles within leading Government-Linked Companies. She began her career at Golden Hope Plantations Berhad (now part of Sime Darby) and later transitioned to Malaysia Airlines, where she held various key positions including Group General Counsel and Company Secretary. During her tenure, she gained valuable insights into corporate governance and compliance, particularly within complex and highly regulated industries such as plantations and aviation. In 2019, she became a partner at Azlin Shaharbi and Associates, a boutique law firm founded in 1990 specialising in conveyancing and corporate advisory work. In 2012, Shahjanaz began her freelance content writing career, offering her content writing/editing services to a variety of clients, including government ministries, textbook publishers, retail/e-commerce/news websites, non-profit bodies and corporate training institutes.

She does not hold directorships in any other public listed companies. She does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PROFILE OF DIRECTORS
cont'd

LIEW JEE MIN @ CHONG JEE MIN

Senior Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committee and
Risk Management and Sustainability Committee

Aged : 66

Nationality : Malaysian

Gender : Male

Mr Liew Jee Min @ Chong Jee Min ("Mr Chong") was appointed to the Board on 1 March 2025.

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

He holds several prominent positions, including 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 to the Malaysia Used Vehicle Autoparts Traders' Association, Kuala Lumpur & Selangor Furniture Association and Sekolah Menengah Chung Hua (PSDN) Klang, Zhang Association Selangor & Kuala Lumpur, and The Federation of Malaysian Manufacturers. Additionally, he is a council member of The Kuala Lumpur & Selangor Hopo Association.

He currently serves on the Board of Directors of Hextar Healthcare Berhad, Hextar Global Berhad, Lion Posim Berhad and Parkson Holdings Berhad. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

KEY SENIOR MANAGEMENT

From left to right :

Martin Lee | Wong Kin Seng | Leong Hin Kieat
Lee Kok Ping, Sean | Dr Lim Chee Lip, Jeff

KEY MANAGEMENT PROFILES

LEONG HIN KIEAT

Managing Director of PK Fertilizers Group of Companies

Nationality	Age	Gender
	58	M

Leong Hin Kieat is the Managing Director of PK Fertilizers Group of Companies and is responsible for leading and spearheading the strategic direction, as well as managing the daily operations of the group.

In 1991, he graduated with a Bachelor's Degree (Hons) in Agricultural Science from University Pertanian Malaysia. In the same year, he began his career as a techno-commercial executive at Peladang Kimia Berhad (later known as PK Resources Berhad) in sales and marketing. In 2008, he was appointed as the Executive Director, overseeing operations and expanding the business into Indonesia and Pacific Island countries. In 2018, he assumed his current position as the Managing Director where he is responsible for managing the fertiliser business of PK Fertilizers Group of Companies.

Currently, he serves as the Chairman of the Fertilizer Industry Association of Malaysia (FIAM) and an Honorary Exco Member of the Chemical Industry Council of Malaysia (CICM). Through his leadership roles, he has played a vital role in advancing the growth of the industry and promoting its sustainable development.

He does not hold directorships in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

KEY MANAGEMENT PROFILES
cont'd

LEE KOK PING, SEAN

Chief Financial Officer & Company Secretary

Nationality	Age	Gender
	42	M

Sean is a Chartered Accountant by qualification from the Association of Chartered Certified Accountants (ACCA) in December 2006 and is a member of the Malaysia Institute of Accountants (MIA). He currently serves as the Chief Financial Officer (CFO), a role he was promoted to on 1 February 2024, having previously held the position of Financial Controller since his joining on 2 April 2020. In addition to his CFO responsibilities, Sean has been serving as a Joint Company Secretary since 11 December 2020, showcasing his versatility and leadership in corporate governance.

Sean has engaged in the corporate development and successfully led the transfer of Company's listing from ACE Market to Main Market in 2024. In addition, he also played pivotal role in the corporate transformation, fundraising activities, mergers and acquisitions (M&A), which have been instrumental in growing the company's market capitalisation by more than 10 times since his joining in 2020.

Sean is an accomplished finance professional with over 15 years of extensive experience in the public listed corporate sector. Prior joining the Company, he was the Head of Finance of a public listed company, where he delivered strategic financial leadership and drove organisational growth with proven track records. His exceptional contributions were consistently recognised by his employers, highlighting his ability to deliver impactful results spanning various industries.

He does not hold directorships in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

KEY MANAGEMENT PROFILES
cont'd

DR LIM CHEE LIP, JEFF

Chief Executive Officer of Luckin Coffee Malaysia

Nationality	Age	Gender
	38	M

Dr Lim Chee Lip, Jeff was appointed as the Chief Executive Officer of Global Aroma Sdn. Bhd. on 15 July 2024 and Hextar Luckin (M) Sdn. Bhd. on 10 December 2024, where he is responsible for Luckin business affairs.

He holds a Postgraduate Diploma (PgDip) in Business Administration from the University of Wales Trinity Saint David, a Master in Construction Law and Arbitration (LLM) as well as a Bachelor's degree in Quantity Surveying from Robert Gordon University, United Kingdom. In July 2024, he successfully earned a Doctor of Business Administration from Asia E University.

Upon graduation, he worked for Steward Milne Group Limited and Hill International Inc., one of the largest public-listed U.S. consulting firms. He is a member of the Chartered Institute of Arbitrators in the United Kingdom and Malaysia and has more than fifteen (15) years of professional work experience in the United Kingdom, Middle East and Asia, in the areas of Dispute Resolution, Contract Management, Corporate Finance and Advisory. He has also accumulated vast corporate management experience including directing, strategic planning and expansion of various private and public companies in Malaysia.

He is also an Executive Director and Chief Commercial Officer of Hextar Retail Berhad. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

KEY MANAGEMENT PROFILES
cont'd

WONG KIN SENG

Managing Director of Heavy Equipment Division

Nationality	Age	Gender
	55	M

Wong Kin Seng joined the team in 1988. With over three decades of experience in his career, he has gained an extensive knowledge of our organization through various operations and sales roles. He was promoted to Managing Director in 2018, where he was responsible for overseeing the entire operations of the heavy equipment division. His dedication to learning and passion for the industry have allowed him to develop a deep understanding of the market, enabling him to effectively lead our group's heavy equipment business.

He does not hold directorships in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

KEY MANAGEMENT PROFILES
cont'd

MARTIN LEE

Chief Executive Officer of Equipment Rental Division

Nationality	Age	Gender
	47	M

Martin was appointed as the Chief Executive Officer of Equipment Rental Division on 1 July 2022.

He holds a Bachelor of Science (Hons) in Computing from the University of Portsmouth, U.K., and a Master of Science in Business Information Technology from the University of Northumbria, U.K. With over 20 years of experience in the Heating, Ventilation and Air Conditioning (HVAC) industry, he has been involved in the construction, operations and maintenance of multiple District Cooling Plants with various public listed companies. Prior to joining the group, he gained experience in the rental industry, where he rented HVAC equipment to various industries including commercial, residential, manufacturing, oil and gas, healthcare, semiconductors, and chemical.

He does not hold directorships in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and no conflict of interest and/or potential conflict of interest, including any interest in any competing business with Hextar Industries Berhad or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2024.

CHAIRMAN'S STATEMENT

DATO SRI CHEE HONG LEONG
Independent Non-Executive Chairman

Acknowledging Leadership Transitions and New Beginnings

I begin by expressing my heartfelt gratitude to our former Chairman, Dato' Chan Choun Sien, whose leadership and dedication steered Hextar Industries Berhad ("HIB" or "the Group") through pivotal phases of growth. While we bid farewell to Dato' Chan as he pursues other commitments, we honour his invaluable contributions to the Company's journey.

It is with humility and resolve that I assume the role of Chairman, entrusted by the Board of Directors. I am deeply honoured by this responsibility and reaffirm my commitment to upholding the highest standards of governance while driving sustainable value for all stakeholders.

On behalf of the Board, I am delighted to welcome our new Independent Director, Mr. Liew Jee Min @ Chong Jee Min ("Mr. Chong"), whose distinguished expertise and fresh perspectives will fortify our strategic deliberations. We look forward to harnessing his wealth of experience as we navigate the evolving business landscape.

Navigating Global Challenges with Resilience

The year 2024 presented a complex macroeconomic environment marked by subdued global trade, geopolitical volatility, and softening commodity prices. These headwinds impacted our core fertiliser segment, underscoring the need for agility in an unpredictable market.

Despite these challenges, HIB delivered a resilient performance, a testament to the strength of our diversified business model, operational discipline, and the unwavering dedication of our teams. Detailed insights into our financial outcomes are articulated in the Management Discussion & Analysis section of this report.

Advancing Sustainability and Strategic Milestones

Aligned with our Environmental, Social, and Governance ("ESG") roadmap, the Group intensified efforts to embed sustainability across operations. We are proud to share our progress, including targeted reductions in carbon footprint and community empowerment initiatives, elaborated in the Sustainability Statement of this report.

The year also heralded transformative milestones:

Main Market Listing Achievement

On 28 June 2024, HIB successfully transferred its listing from the ACE Market to Bursa Malaysia's Main Market. This elevation reflects investor confidence in our governance, growth trajectory, and long-term value proposition, positioning us to access broader capital markets and enhance shareholder returns.

CHAIRMAN'S STATEMENT
cont'd

Strategic Partnership with Luckin Coffee

In November 2024, our subsidiary, Global Aroma Sdn Bhd ("GASB"), forged an exclusive nationwide partnership with Luckin Coffee Holding Singapore Pte Ltd to introduce the globally renowned "Luckin Coffee" brand to Malaysia. This collaboration unlocks exciting opportunities in the fast-growing café sector, diversifying our revenue streams while leveraging GASB's expertise in consumer retail.

Gratitude and Forward Outlook

I extend my deepest appreciation to my fellow Board members for their steadfast guidance and rigorous oversight in fulfilling our fiduciary duties. My thanks also go to the Management team and all employees for their relentless pursuit of excellence, integrity, and adaptability—cornerstones of HIB's success.

As we advance into 2025, we remain cautiously optimistic. By prioritising innovation, operational efficiency, and strategic investments, we are poised to capitalise on emerging opportunities while mitigating risks. The Board and I are resolute in our mission to deliver enduring value for shareholders, customers, and communities alike.

Thank you for your continued trust in Hextar Industries Berhad.

Dato Sri Dr Chee Hong Leong
Independent Non-Executive Chairman

SUSTAINABILITY STATEMENT

Hextar Industries Berhad together with its subsidiaries ("**HIB**" or "**the Group**") is steadfast in its belief that sustainability is fundamental to fostering long-term value creation. We acknowledge our diverse business operations have impact on the local economy, the environment, and society at large. This awareness underpins our commitment to being a responsible corporate citizen. As a company that is involved in various industries, we are dedicated to driving sustainable practices in each sector we operate in. Our goal is to ensure that our growth is aligned with the global stewardship principles.

The Board of Directors ("**the Board**") is pleased to present the Sustainability Statement for the financial year ended 31 December 2024. This Statement describes our strategic approach to sustainability in view of the Economic, Environmental, Social and Governance ("**EESG**") framework.

Introduction

Hextar Industries Berhad (HIB) recognizes that integrating Environmental, Social, and Governance (ESG) considerations into our business decisions is not only a moral imperative but also a strategic necessity. By aligning our operations with ESG principles, we aim to drive long-term value creation for all stakeholders while fostering sustainable growth. Embracing ESG empowers communities, promotes social inclusivity, and safeguards the environment, ensuring that we contribute meaningfully to a better future.

In the face of climate change, HIB is committed to reinforcing our efforts toward decarbonization. Climate-related risks directly and indirectly impact our profitability and growth, making it critical to address these challenges proactively. By balancing ESG priorities with the interests of our stakeholders, we enhance investor confidence, strengthen public trust, and secure our position as a responsible corporate citizen.

As part of our commitment, we have embedded our core values of **H**umility, **E**xcellence, **X**-Factor, **T**rustworthy, **A**daptability and **R**esponsibility into our ESG policy. We believe that responsible investing and sustainable practices are essential to making the world a better place to live in. In 2024, we are proud to build on our progress, setting ambitious targets to reduce our carbon footprint, promote social equity, and uphold the highest standards of governance.

Scope and Reporting Period

This report outlines the Group's sustainability strategies, initiatives, and performance within the Environmental, Economic, Social, and Governance (EESG) framework for the period from 1 January 2024 to 31 December 2024. It includes data from all entities controlled by HIB, including Pacific Office (M) Sdn. Bhd. and Hextar Mitai Sdn. Bhd., which were acquired at the end of 2023 and are now fully integrated into our reporting framework. The report covers our core business segments: Fertilisers, and Industrial and Consumer.

SUSTAINABILITY STATEMENT

cont'd

Reporting Guidelines and Principles

This Sustainability Statement was prepared with reference to the Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Sustainability Reporting Guide (3rd edition), the Main Market Listing Requirements relating to the Sustainability Statement and the Global Reporting Initiative (GRI) Standards.

In 2024, we have further strengthened our sustainability approach by incorporating relevant Environmental, Social, and Governance (ESG) considerations as outlined in the FTSE4Good Bursa Malaysia Index, with the reference to the United Nations Sustainable Development Goals ("**UNSDG**") in mapping our material sustainability matters and developing the Group's sustainability strategies.

This updated statement reflects our ongoing commitment to transparency, accountability, and alignment with global sustainability standards. It also addresses the evolving expectations of our stakeholders, demonstrating how we are turning our ESG commitments into tangible actions and outcomes.

Feedback

HIB welcomes all stakeholders' feedbacks or suggestions on this Sustainability Statement or any relevant sustainability matters concerned. Relevant comments or feedbacks can be directed to www.hextarindustries.com/enquiry/.

SUSTAINABILITY COMMITMENT

Our Group is dedicated towards creating a sustainable future for our diverse stakeholders. We continue to explore innovative solutions to further strengthen our sustainability performance under our ESG Policy. Some of the key commitments stated in our ESG Policy include: -

- To create long term value creation by improving investor perception and gaining public trust.
- To invest responsibly with the goal of making the world a better place.
- To identify, respond and regularly monitor potential impact of our business in terms of occupational health and safety, environment and society.
- To uphold corporate integrity across the Group, HIB's investee companies, shareholders and our employees.

HIB is committed to achieving Net Zero Carbon Emissions by 2050. We are also, aligned with the principles set out in of the United Nation's Sustainable Development Goals (UN-SDG) and Malaysia's Shared Prosperity Vision 2030 (SPV2030). Our approach includes investing in low-carbon, efficient technologies, and renewable energy sources. This strategy not only supports our decarbonization pathway but also ensures long-term value creation for our organization and stakeholders. We pledge to maintain transparency by regularly updating our progress towards these significant environmental and sustainability goals.

All in all, the Group is committed to building a more resilient and equitable society that can continue to thrive over the long run, while minimising the impact of our operations on the planet and its ecosystems.

SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY GOVERNANCE

HIB has a Sustainability Governance Structure that clearly defines the roles and responsibilities of those within our organisation who will be facilitating the development and implementation of sustainable policies and procedures.

Sustainability Governance Structure

Board of Directors

The Sustainability Governance Structure is helmed by the Board of Directors ("the Board") of HIB. The Board is responsible for evaluating and endorsing the strategic direction of the Group, including all matters related to sustainability.

The Board acknowledges its role in setting the "tone from the top" and to inculcate good governance across the Group. In this regard, 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 to ensure that sustainability remains front and centre of its corporate strategy. The Board oversees material sustainability matters in all aspects including climate change issues that may affect HIB. Actions taken to manage climate related risk are integrated into our strategic corporate plans.

Risk Management and Sustainability Committee

The Risk Management and Sustainability Committee ("RMSC") is responsible for overseeing the Group's overall risk management framework with an integrated focus on sustainability. The RMSC identifies and assesses key risks, including sustainability-related risks such as environmental compliance, labour and human rights, and occupational safety and health. These risks are progressively embedded into the Group's enterprise risk management system to ensure a holistic and proactive approach.

The RMSC also assists the Board in fulfilling its oversight responsibilities on sustainability governance. This includes setting strategies, priorities, and targets, and implementing initiatives to address material sustainability matters and opportunities across the Group.

The roles and responsibilities of the RMSC include:

- Identifying and managing material sustainability matters;
- Advising and recommending to the Board on overarching business strategies and sustainability-related policies;
- Monitoring the implementation of approved sustainability strategies, policies, and initiatives;
- Tracking progress toward sustainability goals and milestones;
- Overseeing the preparation and review of sustainability-related disclosures and recommending them to the Board for approval.

The RMSC is led by the Group Managing Director and includes the Executive Director and Chief Financial Officer, who collectively bring strategic and operational oversight to the Committee's function. The RMSC convenes at least twice a year, or more frequently as required, to ensure sustainability and risk matters remain aligned with the Group's overall strategic objectives.

Team Leads

The alignment of the sustainability activities, progress and achievements to the HIB agenda is overseen by the Team Leads from the respective department and/or division ("Team Leads"). The Team Lead ensure the effective development, integration and implementation of HIB's objective and initiatives. Team Leads also provide advisory support, hands-on management as well as data collection in relation to the identified material sustainability matters.

COMMITMENT TO STAKEHOLDER ENGAGEMENT

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 us appraised of their views and perspectives vis-a-vis our sustainability practices.

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

Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
Shareholders/ Investors	• Share price performance • Business performance • Business growth plans • Return on investments • Corporate governance	• Company website • General meetings • Quarterly financial results and annual report • Bursa announcement
Government/ Authorities	• Corporate governance • Permits and licenses • Regulatory compliance • Occupational safety and health	• Meetings/visits • Verification/compliance audit • Bursa announcement • Ad-hoc report submission as and when needed by regulators/law enforcers

SUSTAINABILITY STATEMENT
cont'd

Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
Board	• Financial and operational performance • Business strategic planning • Continuous business and operational improvements • Interest of various stakeholders and shareholders	• Board meetings • General meetings • Company events
Employees	• Training and career development opportunities • Talent and performance management • Occupational safety and health • Competitive remuneration and benefit packages	• Training programs • Regular engagement with Senior Management • Performance appraisal • Company events • Memo/newsletter • In-house mobile application
Bankers	• Financial and operational performance • Repayment capabilities	• Meetings/visits • Bursa announcement • Media release
Customers	• Product quality and pricing • Customer satisfaction • Technological innovation • New products development • Competitive pricing and on-time delivery	• Regular meetings • Feedback survey • Product training • Advertisement and marketing events • Company website/social media • Phone calls/email communications
Suppliers	• Long-term business relationships • Supply chain management • Selection of suppliers and credit terms • Compliance to anti-corruption standards/ integrity	• Face-to-face interaction • Email communications • Supplier evaluation
Community	• Local job creation opportunities • Environmental impact arising from daily operation • Domestic economic support	• Corporate Social Responsibility ("CSR") program • Company website/social media
Analyst/ Media	• Financial and operational performance • Business strategic plan • Corporate governance	• General meetings • Media interviews and conferences • Media release

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT AND APPROACH

Our sustainability framework is viewed in the context EESG. This framework guides our strategic decision-making and operational practices, ensuring that we not only thrive economically but also contribute positively to our planet and society while upholding the highest standards of corporate governance.

Economic

- An organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation.
- These may include the organisation's procurement practices, or community investment.

Environmental

- An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.
- These may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc.

Social

- The impact an organisation has on the social systems within which it operates.
- These may include the organisation's relationships with communities, employees, consumers, etc.

Governance

- The procedures in place in the organisation to prevent corruption and promote accountability.
- The organisation's adherence to legal and ethical standards across all operations
- Transparency in communication with stakeholders and the public, including financial reporting, corporate disclosures, and stakeholder engagement strategies
- Risk management procedures and how the organization addresses potential conflicts of interest

Our materiality assessment is a critical tool for identifying and addressing the sustainability matters that are of greatest importance to the Group and our stakeholders. This process ensures that we focus on the most relevant issues, aligning our corporate sustainability strategies with stakeholder expectations and business priorities.

To identify these sustainability matters, we rely on a combination of internal and external sources. Internally, we engage in discussions with the Board and employees, review our business strategies and policies, and analyze our risk management processes. Externally, HIB's materiality assessment process adheres to the guidelines set forth by the Main Market Listing Requirements and the Bursa Malaysia Sustainability Reporting Guide - 3rd Edition, along with its associated Toolkits.

MATERIALITY ASSESSMENT POLICY AND PROCESS

Our materiality assessment policy outlines a structured approach to ensure a comprehensive and consistent evaluation of sustainability matters. The process consists of the following key steps:

1 Scoping and Identification

Define objectives and review matters

- Define reporting objectives and scope.
- Review existing sustainability matters.
- Finalize a preliminary list of sustainability matters for further evaluation.

2 Stakeholder Engagement

Identify stakeholders and gather feedback

- Identify and prioritize stakeholders based on influence and dependence.
- Develop and execute an engagement plan to gather feedback.
- Consolidate and rate stakeholder feedback on the Y-axis.

3 Materiality Assessment

Evaluate matters and plot on matrix

- Evaluate sustainability matters against Group risks and opportunities to assign risk scores (X-axis).
- Plot scores on the Materiality Matrix to prioritize matters by significance.

4 Review and Validation

Validate outcomes and file documentation

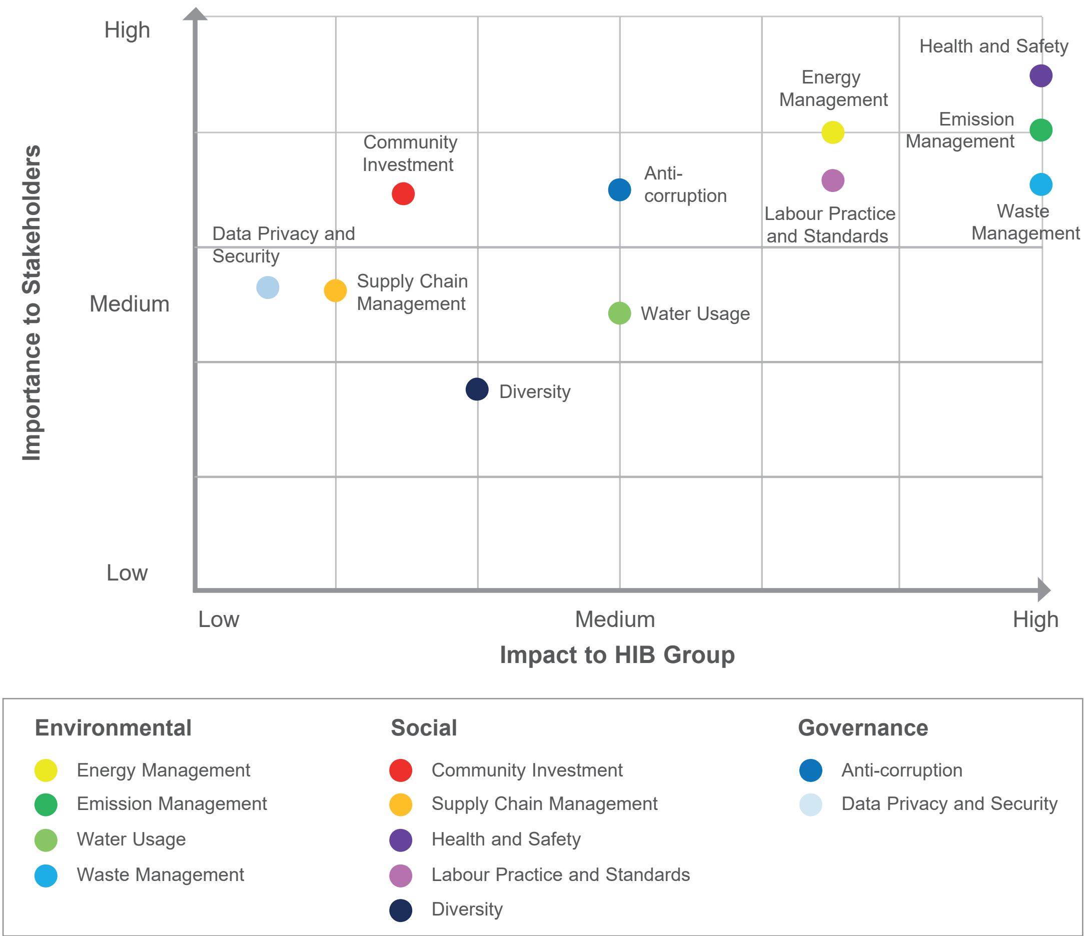
- Validate and approve the outcomes of the materiality assessment by the Board.
- Securely file all relevant documentation.

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY MATRIX

The outcome of our materiality assessment highlights the significance of each sustainability topic to the Group's business operations and stakeholder groups. It is important to clarify that a topic identified as significant does not necessarily indicate a high-risk issue for the Group or imply challenges in managing it. Instead, it reflects the topic's potential importance in sustaining value creation for both the Group and its stakeholders, considering the current operating environment and business context.

Following a comprehensive assessment, we have prioritized eleven key material matters. These are visualized in our Materiality Matrix, which serves as a guiding framework to ensure our efforts remain aligned with our evolving corporate strategy and stakeholder expectations. We will continue to monitor these matters closely, adapting our strategies as needed to uphold our commitment to sustainability and long-term value creation.



RISKS AND OPPORTUNITIES

We have broadened our Risk Management framework to include sustainability and climate-related risks, further enhancing our comprehensive oversight across corporate, financial, and operational dimensions. We recognise that sustainability encompasses more than just environmental issues. It represents a critical framework for ensuring long-term business resilience and growth. In light of this, we actively evaluate the risks and opportunities associated with the material matters, aiming to effectively mitigate these risks while seizing opportunities to generate value for our stakeholders and make a positive impact on the community.

Material Matters	Important to the Group	Key Risks	Opportunities	Management Action Plan
Community Investment	Important for building strong relationships with local communities to create positive social and environmental impact.	Community opposition, reputational damage, operational disruptions.	Stronger community ties, support for local initiatives, enhancing brand image.	Engage in community development projects and establish community dialogue mechanisms.
Supply Chain Management	Supply chain management including support to local suppliers, adherence to significant environmental and social standards.	Supply disruptions, reputational damage from supplier practices, restriction to market growth and expansion	Risk mitigation, cost savings through efficiency, resilience against disruptions, competitive advantage.	Implement supplier risk assessment annually; explore strategic partnerships to diversify supply sources.
Energy Management	Strategic energy management is essential for cost reduction, operational efficiency, and alignment with national sustainability goals.	High energy costs, dependency on non-renewable sources, regulatory penalties.	Energy efficiency reduces costs and emissions. Renewable energy sources provide stability.	Invest in energy-efficient technologies, shift towards renewable energy sources. Set electricity reduction target and periodically review electricity consumptions.
Emission Management	Critical to achieving our goal of net-zero carbon emissions and demonstrates our commitment to combating climate change.	Regulatory penalties, potential operational restrictions, reputational damage.	Improve efficiency and reduced costs. Enhancing corporate image.	Adopt low-emission technologies, set emission reductions target and periodically review the emission consumptions.
Water Usage	Critical for minimising environmental impact and ensuring sustainability in operations.	Excessive use leading to restrictions and higher costs, impact on local communities.	Water recycling can reduce costs, ensure operational continuity, and promote community impact.	Develop and implement water management strategies, including efficient usage and rainwater harvesting.

SUSTAINABILITY STATEMENT
cont'd

Material Matters	Important to the Group	Key Risks	Opportunities	Management Action Plan
Waste Management	High priority due to environmental regulations and the push towards a circular economy.	Non-compliance fines, high disposal costs, negative community impact.	Opportunities for recycling and waste-to-energy projects.	Develop comprehensive waste management and recycling programs; collaborate with local recycling initiatives.
Health and Safety	Prioritising the health and safety of workforce is critical for maintaining operational excellence and corporate reputation.	Workplace accidents, non-compliance fines, increased insurance costs.	Enhance employee satisfaction, reduce operational interruptions, improve productivity.	Implement comprehensive safety training, emergency preparedness plans, and invest in safety technology.
Diversity	Enhances innovation, company culture, and market competitiveness. Important for attracting talent and gaining insights into diverse market.	Lack of innovation, potential for discrimination claims, talent acquisition challenges.	Broader talent pool, improved decision-making, better customer insights.	Implement diversity and inclusion programs, provide training, and set diversity goals.
Labour Practices and Standards	Adherence to equitable labour practices ensures compliance with labour legislation, promotes a positive organisational culture, and enhances our reputation as an employer of choice.	Non-compliance fines, low employee morale, high turnover rates, labour disputes affecting operations.	Attract and retain talent, enhance productivity and drive innovation.	Develop fair labour practices, ensure safe working conditions, and engage in continuous dialogue with employees.
Anti-corruption	Critical for legal compliance, reputation, and fostering a culture of integrity and ethical business practices.	Legal penalties, damage to reputation and investor trust, financial losses.	Strengthening stakeholder confidence, enhancing business opportunities and competitive advantage.	Implement strict anti-corruption policies and training, transparent auditing processes and a whistleblower mechanism.
Data Privacy and Security	Crucial for protecting sensitive information and maintaining customer trust.	Data breaches, legal penalties, loss of customer trust.	Competitive advantage by ensuring robust data security, customer trust.	Adopt robust cybersecurity measures and conduct regular data security training.

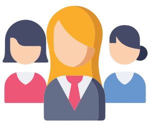
SUSTAINABILITY STATEMENT
cont'd

Quick Glance : FY2024 Highlights and Forward-Looking Objectives

Environmental

Targeted a 10% reduction in GHG emissions by 2030
Maintain usage of the EV charging station at our corporate office in FY2024

To generate 10% electricity from renewable energy source by 2030 *
Maintain usage of the solar PV system at our corporate office in FY2024



Social

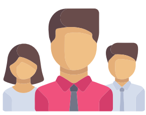
30% women representation on the Board
43% of the Board of Directors are women as of FY2024

30% of Management are women
37% of the Management are women as of FY2024

ZERO tolerance to discrimination, harassment, violence, forced labour and child labour in the workplace
Zero incidence of discrimination or any violence in labour law in FY2024

ZERO tolerance to avoidable incidence of work-related injuries
Zero incidences of work-related injuries in FY 2024

ZERO incidence of fatalities
Zero incidence of fatalities in FY2024



Governance

ZERO tolerance to bribery and corruption
Zero bribery or corruption case in FY2024

ZERO tolerance to privacy breaches or data loss
Zero complaints of privacy breaches and data loss in FY2024

** Subject to the practicability of installing the renewable energy system at the manufacturing facilities of the Group.*

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENTAL

We recognize the urgent and growing challenge of climate change and its profound impact on the environment and future generations. As a responsible publicly listed company, we are deeply committed to contributing to global efforts in mitigating environmental harm. This commitment extends to every aspect of our operations, ensuring that our business practices in Malaysia are aligned with the highest environmental standards. We rigorously comply with all relevant environmental laws and regulations, continually seeking innovative and responsible solutions to reduce our environmental impact.

Our Environmental Policy

To guide our efforts, we have established a comprehensive Environment Policy, which ensures that sustainability is integrated into the core of our decision-making and daily operations. The policy provides clear objectives and direction for managing environmental compliance, as outlined below:

- Follow all environmental laws and regulations.
- Implement a strong environmental management plan to tackle climate change.
- Minimize negative environmental impacts from operations, products, and services.
- Work with partners to reduce their environmental footprint.
- Build environmental awareness through training and participation.
- Enhance the environmental management system for better performance.
- Reduce energy and water consumption to conserve natural resources.

Environmental Impact Reduction and Sustainable Packaging Initiatives

	FY2024	FY2023
Raw materials used (MT)	495,853	450,716
Product packaging – Bag (pcs)	11,713,229	12,966,258

In FY2024, a total of 11,713,229 bulk bags were utilised, marking a decrease from the 12,966,258 bags used in FY2023. The higher number of bags in FY2023 was primarily due to a unique large-volume customer request that required the use of 10kg bags, which increased the overall quantity of packaging used.

To address this, we actively encouraged customers to opt for our standard 50kg packaging instead of smaller sizes. This initiative not only reduced the number of bags required but also enhanced resource efficiency and minimized waste. By promoting the use of 50kg bags throughout FY2024, we reinforced our commitment to sustainability and demonstrated tangible progress in aligning our operations with environmentally responsible practices. Moving forward, we will continue to prioritize sustainable packaging solutions to further reduce our environmental impact.

Additionally, most of our packaging is made from recycled resin rather than virgin resin. By prioritizing recycled materials, we reduce the demand for new raw materials, conserve natural resources, and lower greenhouse gas emissions. This approach also helps minimize plastic waste in landfills, supporting our commitment to advancing a circular economy. While we are proud of this progress, we continue to explore ways to increase the proportion of recycled materials in our packaging and further enhance our sustainability efforts. These steps reflect our dedication to environmental responsibility and our mission to create a more sustainable future.

SUSTAINABILITY STATEMENT
cont'd

Hextar Mitai Sdn. Bhd.: Leading the Way in Environmental Innovation

Hextar Mitai Sdn. Bhd., a subsidiary of HIB, has advanced environmental sustainability by helping customers develop innovative Poly-Chlorinated Biphenyls (PCBs) Decontamination Systems. This technology uses non-flammable solvent vapours to safely remove PCBs from contaminated equipment, ensuring they remain in liquid form throughout the process. The system allows for solvent recycling and safe disposal or recycling of decontaminated materials, significantly reducing the risk of soil and water pollution.

NutriGard Technology: Driving Responsible Innovation

In line with our commitment to driving positive environmental change through innovation and sustainable agriculture practices, we are excited to introduce our cutting-edge fertiliser called NutriGard which is enhanced with advanced Nano Biopolymer technology. This game-changing fertiliser will address challenges of reducing nutrient leaching losses and nutrient run-off. NutriGard fertiliser optimizes nutrient uptake, promotes plant growth with less resources, minimizes environmental impact, enhances soil health and ecology, protects groundwater quality, and fosters more sustainable agricultural ecosystems. We believe that using this innovative fertiliser, we can contribute toward a greener and more sustainable environment today and in the future.

Supply Chain Management

HIB is mindful of the potential environmental impacts caused by our business activities and will ensure strict compliance to all local environmental regulations at all times to minimize the impacts. We stress our commitment to protect the environment via our Environmental, Social and Governance ("ESG") Policy, especially in the area of Energy and Water Use, Pollution and Climate Change, Waste Reduction and Resource Optimization, and Biodiversity. HIB expects our suppliers, contractors and service providers to follow the same principles during their interactions with the environment by complying to all the relevant environmental legislation adopting best practices wherever applicable.

ENERGY MANAGEMENT

At HIB, we are committed to advancing the UNSDG, with a particular focus on Goal 7 and 12. We strive to promote sustainable development by ensuring access to clean and efficient energy while minimizing environmental impact through responsible resource management. Our efforts include prioritizing energy efficiency, reducing greenhouse gas emissions, and investing in innovative technologies that support long-term environmental stewardship and sustainable energy solutions.

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Energy Consumption Overview

Our energy consumption primarily consists of:

Fuel	:	Diesel and petrol used in machinery, forklifts, and company vehicles
Purchased Electricity	:	Electricity sourced from Malaysia's power grid, predominantly generated from fossil fuels such as natural gas and coal.

The following table outlines our total energy consumption in FY2023 and FY2024:

Energy source (GJ)	FY2024	FY2023
Diesel	30,075	17,051
Petrol	2,681	2,174
Purchased Electricity	24,531	21,725
Total Energy Consumed	**57,287**	**40,950**

Note: The total energy consumption is disclosed in gigajoules (GJ) in this table, while the Bursa Sustainability Performance report follows the standard format and presents figures in megawatts (MW).

The increase in diesel consumption from FY2023 to FY2024 can be explained by the addition of an equipment rental project, which involved extensive use of diesel-powered machinery. This project led to a significant rise in our diesel consumption for the year. Similarly, the increase in purchased electricity usage can be attributed to the inclusion of Pacific Office (M) Sdn. Bhd. and Hextar Mitai Sdn. Bhd. in FY2024. The addition of these operations resulted in higher overall electricity consumption, contributing to the increase in total electricity usage.

Energy Efficiency Initiatives

In Fertiliser division, energy efficiency is a top priority. We operate and maintain environmentally-friendly machinery designed to minimize energy consumption while maximizing performance. Regular maintenance protocols are implemented to ensure optimal machine operation, reducing the risk of breakdowns and preventing energy wastage. These efforts not only contribute to lower operational costs but also reduce our environmental footprint.

In Industrial and Consumer division, we continue to lead in energy-efficient solutions. We utilize eco-friendly, high-efficiency chillers that comply with the Montreal Protocol, using refrigerants with zero Ozone Depletion Potential (ODP). These chillers incorporate advanced microchannel coil technology, reducing refrigerant charge by up to 50%, enhancing energy efficiency. Additionally, our Variable Speed Drive (VSD) technology ensures a smooth start, minimizing the electrical load during startup, reducing wear on machinery, and prolonging the equipment's lifespan—all while lowering energy consumption and greenhouse gas emissions.

Solar PV system and Sustainability in Corporate Office

As part of our unwavering commitment to sustainability, we have installed a 20kWp solar photovoltaic (PV) system at our corporate office in Kota Bayuemas, Klang, Selangor. This initiative represents a significant milestone in our journey to reduce our environmental footprint and advance our ambitious goal of sourcing 10% of our electricity from renewable energy by 2030. The solar PV system has demonstrated remarkable effectiveness, meeting 20.8% of our corporate office's energy needs in FY2023 and increasing to 22.7% in FY2024. This steady progress underscores the system's success in reducing our reliance on non-renewable energy sources, minimizing our environmental impact, and driving us closer to achieving our sustainability targets.

(Corporate Office in, Kota Bayuemas, Klang, Selangor)

In addition to our solar energy efforts, we are dedicated to reducing our environmental impact through continuous improvement in energy efficiency. Whenever office lighting malfunctions or reaches the end of its lifespan, we replace it with energy-efficient LED lighting. This proactive approach ensures a gradual yet impactful transition to more sustainable practices, significantly lowering our overall energy consumption over time. By integrating these measures, we are not only enhancing energy efficiency but also reinforcing our commitment to responsible resource management and long-term environmental stewardship.

Electrical Consumption Intensity

We closely monitor electricity consumption intensity across our divisions to identify opportunities for efficiency improvements. The following table outlines the electricity consumption (in kWh) and intensity for our Fertiliser and Industrial and Consumer divisions for FY2023 and FY2024:

Intensity	FY2024	FY2023
Fertilisers		
Electricity Consumption (kWh)	6,246,809	5,726,403
Production Output (MT)	482,553	416,173
Intensity (kWh/MT)	12.95 kWh/MT	13.76 kWh/MT
Industrial and Consumer		
Electricity Consumption (kWh)	567,345	308,405

SUSTAINABILITY STATEMENT
cont'd

In the Fertiliser division, electricity consumption per metric ton of production (intensity) improved from 13.76 kWh/MT in FY2023 to 12.95 kWh/MT in FY2024, reflecting our ongoing efforts to optimize electricity usage while increasing output.

In the Industrial and Consumer division, the increase in electricity consumption from FY2023 to FY2024 is primarily due to the inclusion of operations from Pacific Office (M) Sdn Bhd and Hextar Mitai Sdn Bhd. Since this division does not involve production, no electricity intensity is calculated, as the electricity usage is attributed to daily operations and general consumption.

We also take pride in the contributions of our subsidiary, TK Rentals Sdn Bhd, through its Energy Division. TK Rentals Sdn. Bhd. has played a key role in helping their customers to convert the conventional lamps to energy-efficient LED luminaires, which significantly reduced their energy consumption. We have assisted 150 customers in saving 3.3 MWh of energy in 2024, further reinforcing our commitment to promoting sustainability beyond our own operations.

EMISSION MANAGEMENT

At HIB, we recognize the crucial role that reducing our environmental footprint plays in fostering a sustainable future. As a diverse and dynamic business, we understand that the way we produce and use our products can significantly impact the environment. We are committed to minimizing our carbon emissions and continuously improving our environmental performance across all operations.

CO2 Emissions Overview:

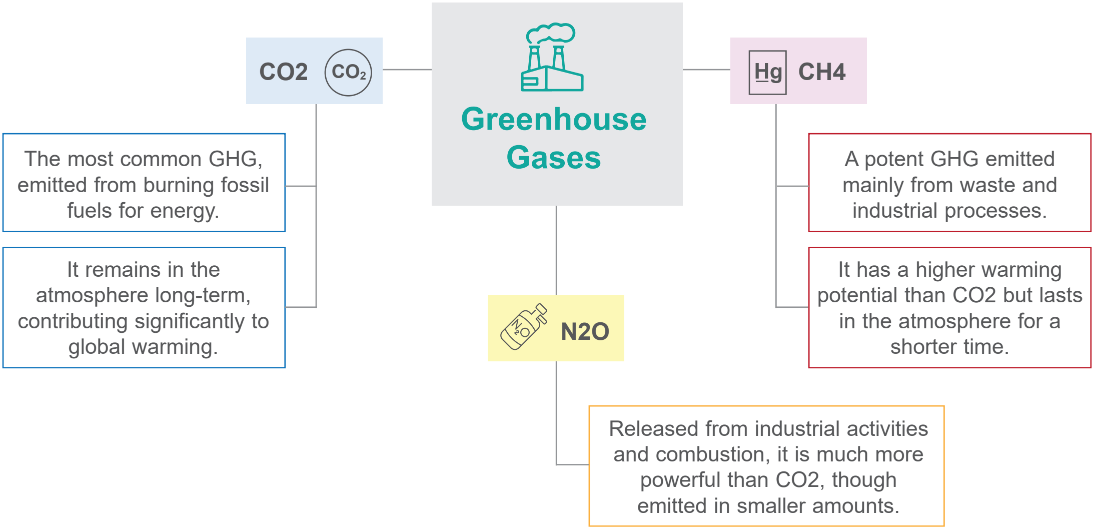
We categorize our greenhouse gas (GHG) emissions into three scopes based on their sources:

Scope 1
Direct GHG emissions from sources owned or controlled by the company, such as the burning of fossil fuels on-site, operating company-owned vehicles, or using specific production processes that release greenhouse gases.

Scope 2
Indirect emissions from the consumption of purchased electricity, measured using the location-based method.

Scope 3
Indirect emissions from other activities, including leased assets, business travel and employee commuting.

Our emissions consist primarily of carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O), each of which has different impacts on global warming:



The total emissions from CO2, CH4, and N2O across all sources are measured in tonnes of CO2 equivalent (CO2e), which allow for comparison of the different gases based on their global warming potential.

GHG Emissions			
Indicator	**Unit of Measurement**	**FY2024**	**FY2023 Restated**
Scope 1	Tonnes CO2e	2,415	1,414
Scope 2	Tonnes CO2e	4,289	3,783
- Employee commuting	Tonnes CO2e	536	487
- Business Travel (Land)	Tonnes CO2e	243	334
- Business Travel (Air)	Tonnes CO2e	48	44
- Upstream leased asset	Tonnes CO2e	325	265
Total Scope 3	Tonnes CO2e	1,152	1,130
Total Scope 1+2+3	Tonnes CO2e	**7,856**	**6,328**

Note:

* *The increase of Emission data mainly due to the inclusion of the Pacific Office (M) Sdn Bhd and Hextar Mitai Sdn Bhd to our reporting scope in FY2024.*

* *Scope 1 is calculated based on the emission factors from Intergovernmental Panel on Climate Change (IPCC).*

* *Scope 2 is calculated based on the emission factors from Grid Emission Factor (GEF) 2022.*

* *Scope 3 is calculated based on the emission factors from United States Environmental Protection Agency (US EPA).*

SUSTAINABILITY STATEMENT
cont'd

Commitment to Net Zero and Sustainable Practices

At HIB, we are not only focused on tracking emissions, but we are also actively pursuing ambitious goals to reduce them. As part of our ongoing commitment to environmental responsibility, we have set a target of Net Zero Carbon Emissions by 2050, aligned with UNSDG 13. This goal is supported by strategic initiatives aimed at innovation, sustainable development, and the adoption of cleaner technologies.We have installed an electric vehicle (EV) charging station at our headquarters, to encourage the use of EV car and reduce the carbon footprint.

In addition to achieving Net Zero by 2050, we aim for a 10% reduction in emissions by 2030. We will continue to explore and implement advanced solutions that align with our sustainability objectives, ensuring a cleaner, greener future for our company and the communities in which we operate.

By integrating these actions into our business operations, we are actively contributing to a sustainable future—one that balances growth with environmental stewardship.

WATER MANAGEMENT

In our commitment to sustainable resource management, we carefully monitor both the consumption and efficiency of water used in industrial processes and for general purposes across HIB. We prioritize responsible water use, recognizing that it is a critical resource for both our operations and the communities around us. Our efforts align with UNSDG 6, as we strive to ensure the availability and sustainable management of water for all.

HIB primarily operates in Malaysia, where according to the WRI (World Resources Institute), are not water stressed areas (https://www.wri.org/applications/aqueduct.water-risk-atlas). The Group intends to maintain these bases and have no immediate plans to relocate to any known water-stressed regions in Malaysia or overseas within the next five(5) years. Nevertheless, we acknowledge that floods, droughts and other water related risk issues brought on by unpredictable weather patterns and climate change will likely impact on the way businesses are organized and operated in future.

Water Usage Data

Indicators	FY2024	FY2023
Fertilisers		
Water Usage (m^3)	107,457	111,992
Industrial and Consumer		
Water Usage (m^3)	5,957	4,821

The Fertiliser division employs a dry manufacturing process, which requires minimal water usage.Having said that, the division successfully further reduced its water consumption in 2024. This achievement was made possible through several key initiatives, including a rainwater harvesting system to collect the rainwater. This water is used for general purposes, such as factory cleaning, which helping us more effectively managed the water resources.

In contrast, the Industrial and Consumer division experienced an increase in water usage during the same period. This rise was primarily due to the inclusion of operations from Pacific Office (M) Sdn Bhd and Hextar Mitai Sdn Bhd, which led to an overall increase in water consumption.

Commitment to Water Conservation

As part of our dedication to environmental stewardship, we are continuously striving to enhance water-use efficiency. To support this goal, we have implemented several internal initiatives aimed at promoting water conservation among employees and stakeholders. These efforts include:

- Educating staff on water-saving techniques,
- Upgrading infrastructure to minimise waste, and
- Integrating innovative solutions into our daily operations to further reduce water consumption and improve operational efficiency.

Compliance and Responsibility

We are pleased to report that during the FY2024 and up to the present date, we have maintained full compliance with the standards, and regulations. There have been no incidents of non-compliance resulting in fines, penalties, or warnings. This achievement underscores our commitment to responsible water resource management, supported by rigorous monitoring and adherence to industry standards.

As climate change continues to impact global water availability, we recognize the critical importance of responsible water management in our long-term sustainability strategy. We remain dedicated to reducing our water footprint, ensuring operational efficiency, and contributing to the health of the ecosystems in which we operate. Through proactive measures and continuous improvement, we aim to secure a sustainable future for both our business and the environment.

WASTE MANAGEMENT

At HIB, we are committed to responsible waste management practices that align with the UNSDG12. This goal emphasizes sustainable consumption and production patterns, aiming to reduce waste generation and improve the efficient use of natural resources. Our primary objective is to minimize the environmental impact of our operations by ensuring the proper management and disposal of all waste streams, while promoting recycling and reuse throughout our operations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Hazardous and Non-hazardous Waste

We are dedicated to the safe and responsible disposal of both hazardous and non-hazardous waste. Hazardous materials, such as laboratory chemicals, are handled with utmost care to ensure full compliance with the Department of Environment (DOE) regulations. These wastes are securely stored in designated areas, clearly labeled, and documented in the DOE's Electronic Scheduled Waste Information System (eSWIS) before disposal. All chemical wastes are disposed of through licensed scheduled waste contractors within 180 days from their generation.

The table below outlines the types of hazardous waste generated in 2024 and their respective disposal methods:

Code	Scheduled or Hazardous wastes Generated	Total Weight (MT)	Disposal Method
SW422	Laboratory chemicals	0.56	Approved disposal facility/waste management company

SUSTAINABILITY STATEMENT
cont'd

Waste Generated Data

Our general waste is categorised as non-hazardous waste. The following table outlines the types of waste generated, managed, and disposed of by the Group in FY2023 and FY2024:

	FY2024 MT	FY2023 MT
Total Waste Directed to Disposal:		
Hazardous Waste	0.56	0.51
Non-Hazardous Waste	1,869	1,268
Total Waste Diverted from Disposal	59	33

Chemical waste, primarily generated from laboratory testing, constitutes our main hazardous waste stream. In FY2024, we observed a slight increase in hazardous waste generation, producing 0.56 MT compared to 0.51 MT in FY2023. This increase resulted from additional laboratory tests conducted during the year. Furthermore, our fertiliser's production processes are designed to achieve zero waste, ensuring that all materials are utilized efficiently and any by-products are recycled or repurposed.

Conversely, non-hazardous waste increased from 1,268 MT in 2023 to 1,869 MT in FY2024. This rise was primarily due to the dismantling of some non-functional production lines, which led to an increase in domestic waste, such as obsolete equipment. To address this, we have intensified our recycling efforts and implemented stricter waste segregation practices to ensure that recyclable materials are effectively recovered and reused.

The primary waste diverted from disposal was wire mesh, a key focus of our waste management strategy. To reduce wire mesh wastage, we store off-specification wire mesh for potential reuse in customer orders with similar requirements. Scrap wire mesh is also responsibly collected and recycled by certified scrap metal traders, helping conserve natural resources and minimize landfill waste. Other scrap materials from engineering solutions, such as stainless steel, are similarly collected and recycled, ensuring their reintegration into the production cycle. This approach underscores our commitment to waste reduction, resource optimization, and lowering our environmental impact. The waste diverted from disposal increased significantly from 33 MT in FY2023 to 59 MT in FY2024, driven largely by removal of obsolete wire mesh stock older than two years and unusable machinery.

Recycling Infrastructure

To further support our commitment to sustainability, we have placed recycling bins across our office and factories, encouraging responsible waste segregation. This enables us to effectively separate and process recyclables, enhancing the efficiency of our waste management system and promoting sustainable practices among our employees.

Corporate Office recycle bins

Factory recycle bins

Compliance with Waste Management Regulations

In FY2024, we are proud to report that we adhered to all relevant waste management regulations without incurring any fines or violations. This achievement underscores our unwavering commitment to environmental responsibility, regulatory compliance, and continuous improvement in sustainable waste management practices.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL

The social dimension of sustainability reflects our commitment to understanding and addressing the impacts we have on people and society. It encompasses how we interact with and contribute to the well-being of our employees, supply chain partners, local communities, and other stakeholders. At HIB, we prioritize fostering equitable relationships, promoting diversity and inclusion, ensuring fair labour practices, and safeguarding health and safety. Through these efforts, we aim to create positive social value, build resilient communities, and uphold human rights, ensuring long-term benefits for both society and our organization.

Our policies

To support these commitments, we have established the following policies:

- Supply Chain Policy
- Health and Safety Policy
- Personal Protective Equipment (PPE) Policy
- Harassment Policy
- Labour Rights Policy.

These policies reflect our dedication to social sustainability and our responsibility to all stakeholders. By adhering to these principles, we strive to create a positive and lasting impact on the communities we serve and the people we work with.

KSI Strategic Institute Awards Honor Sustainable Practices

In January 2024, HIB was honoured to receive the Global Corporate Excellence & Sustainability Leadership Award from KSI Strategic Institute for Asia Pacific, which was a significant recognition of HIB's commitment to driving sustainable growth, innovative practices, and contributing positively to both the economy and the environment.

SUSTAINABILITY STATEMENT
cont'd

COMMUNITY INVESTMENT

HIB is deeply committed to being a responsible corporate citizen, and our dedication to community engagement is a cornerstone of our sustainability strategy. Guided by the principles of social responsibility, we strive to create lasting, positive change by investing in initiatives that enhance the well-being of communities and promote sustainable social development. Through our community investment efforts, we aim to foster resilience, support vulnerable populations, and contribute to long-term societal benefits.

In alignment with the UNSDGs 1, 2, and 3, which focus on eradicating poverty, achieving zero hunger, and ensuring healthy lives and promoting well-being for all. HIB has concentrated its community investment efforts on improving access to essential services, particularly in the areas of health and social welfare. By supporting initiatives that address both immediate needs and long-term outcomes, we seek to create a more equitable, inclusive, and sustainable future for the communities in which we operate.

Our Performance Data:

We measure the success of our community investments by assessing their tangible impact on the lives of those we serve. In FY2024, our employees have been central to these efforts, contributing their time and skills to ensure the success of these programs, supported by our dedicated CSR team, who work tirelessly to ensure our initiatives are impactful, well-organized, and aligned with our sustainability goals. Below is a summary of our key community investment metrics:

Description	FY2024	FY2023
Total amount invested in the communities	71,664	121,950
Total number of beneficiaries of the investment in communities	2,095	4,269

These numbers reflect our ongoing commitment to social responsibility and our dedication to fostering positive, measurable impacts on the communities we serve. The decrease in the number of beneficiaries in FY2024 is primarily due to the significant donations made to schools in FY2023, which resulted in a higher number of beneficiaries. Schools typically have a larger reach, thus contributing to a higher count. In FY2024, our efforts were more focused on targeted initiatives in specific areas such as health and social welfare, leading to a more concentrated impact on fewer beneficiaries. Through both financial support and volunteer engagement, we continue to prioritize initiatives that improve quality of life and contribute to community resilience.

Our Community Impact Initiatives:

Food Basket Program

HIB supports communities in need through its Food Basket Program. In FY2024, we distributed 40 food baskets to underprivileged and displaced families, providing essential items to meet their daily nutritional needs. Our employees actively participated in packing and distributing the baskets, demonstrating their dedication to giving back to the community. This program reflects our commitment to social equity and inclusivity, ensuring that those in need have access to the basic resources required for a healthy and dignified life.

Sponsorship Project: A Pet Wants to Meet You

HIB proudly supported the "A Pet Wants to Meet You" event, organized by the Club of SMK Bintulu. This initiative focuses on rescuing and rehoming stray animals, addressing the growing issue of overpopulation and promoting animal welfare. Through this sponsorship, 30 stray dogs and cats found loving homes, highlighting our commitment to animal welfare. In addition, our employees volunteered at the event, assisting in the adoption process and helping to raise awareness about responsible pet ownership, demonstrating HIB's broader commitment to compassion, sustainability, and responsible community engagement.

Charity Walk-Jog-Wheel-a-thon

HIB continued its support for The Spastic Children's Association of Selangor and Federal Territory by donating to the 29th Annual Charity Walk-Jog-Wheel-a-thon in FY2024. This event, aimed at supporting children with spastic disabilities and similar conditions, aligns with our commitment to improving health outcomes and providing support for marginalized groups. Our staff actively participated in this event, contributing both time and energy, further emphasizing our dedication to creating a more inclusive society.

Karnival Jom ke Masjid

In FY2024, HIB sponsored the "Karnival Jom Ke Masjid" organized by Masjid Kg Pendamar. The event featured a range of health-related activities, including a blood donation drive, cooking contests, and health talks. This carnival brought the local community together, promoting health awareness and fostering a sense of connection and unity. Through this initiative, HIB demonstrated its commitment to supporting events that enhance both physical and mental well-being while also encouraging social cohesion.

Helping Myanmar Families Recover From Disaster

In response to the devastating flooding caused by Typhoon Yagi in Myanmar, HIB acted swiftly to provide relief to those affected by the crisis. The flood displaced over 235,000 people, causing significant loss of life and damage. HIB sponsored immediate relief efforts to provide essential aid such as food, clean water, and medical supplies to the displaced families. Our response to this disaster reflects our core values of solidarity and humanitarian assistance, demonstrating our readiness to support communities in times of need.

By focusing our community investment efforts on these impactful initiatives, HIB seeks to create a meaningful, long-term difference. Our approach is rooted in the belief that sustainability extends beyond environmental responsibility to include the well-being of people. We will continue to align our community investment strategy with our sustainability objectives, ensuring that we contribute to creating healthier, more resilient, and inclusive communities worldwide. Through these efforts, we aim to make a lasting, positive impact that supports both the present and future well-being of the communities we serve.

SUPPLY CHAIN MANAGEMENT

At HIB, we recognize that a sustainable supply chain is fundamental to achieving our long-term sustainability objectives and business strategy. Our commitment to sustainability shapes our approach to supply chain management, ensuring that we partner with suppliers who share our dedication to environmental stewardship, ethical practices, and social responsibility. We believe that integrating sustainability across every aspect of our supply chain not only supports our broader goals but also enhances the resilience, transparency, and efficiency of our operations.

Aligned with our commitment to UNSDG 12, our procurement processes are governed by a comprehensive Supply Chain Policy that embeds sustainability criteria into supplier selection. This policy goes beyond traditional procurement metrics like cost, quality, and delivery to also assess the environmental, social, and governance (ESG) performance of potential suppliers. We consider factors such as carbon footprint, resource usage, labour practices, and community impact to ensure that we work with suppliers who are equally dedicated to ethical conduct, environmental responsibility, and social equity.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

HIB is committed to the principle of not using any child labor or forced labor as stated in our Labour Rights Policy which is available in our company website. We expect our suppliers, contractors and service providers not to employ any person below the age of 18 and who has not offered himself/herself voluntarily for the work or service.

Sustainability Supply Chain Survey

In FY2024, we further solidified this approach by implementing the Sustainability Supply Chain Survey, a mandatory initiative for both new and existing suppliers. This survey is a vital tool for evaluating the sustainability practices of our suppliers, ensuring that their operations align with our values and long-term sustainability goals. It allows us to capture data on key areas such as environmental impact, social responsibility, and ethical labor standards, providing a robust framework for supplier engagement and performance tracking.

Sustainability Supply Chain Targets and Performance Data

Our supply chain sustainability performance for FY2024 highlights our ongoing commitment to these principles and sets the stage for continuous improvement in the years ahead. The table below outlines our key sustainability actual performance for FY2024, along with our targets for FY2025:

Description	Target FY2025	Actual FY2024	Actual FY2023
Percentage of new suppliers that were screened using environmental criteria	50%	41%	-
Number of suppliers assessed for environmental impacts	65	62	-
Percentage of new suppliers that were screened using social criteria	50%	41%	-
Number of suppliers assessed for social impacts	65	62	-

In FY2024, there were only 41% of new suppliers were screened against environmental and social criteria, falling short of our initial expectations. This highlights the need for stronger engagement and collaboration with our supply chain partners. To address this, we have set higher targets for FY2025, aiming to screen 50% of new suppliers against these criteria and assess 80 suppliers for both environmental and social impacts. We are committed to working closely with our suppliers to improve participation and ensure alignment with our sustainability goals.

Supporting Local Economies and Reducing Environmental Footprint

Our strategy also places significant emphasis on supporting local economies, aligning with UNSDG 8 on inclusive economic growth. By prioritizing local sourcing, we not only reduce our supply chain's environmental footprint but also strengthen the resilience of local businesses and communities. In FY2024, we saw a notable shift towards local sourcing across both our Fertilisers and Industrial and Consumer divisions:

8 DECENT WORK AND ECONOMIC GROWTH

Segment	FY2024	FY2023
Fertilisers		
Local	50%	42%
Overseas	50%	58%
Industrial and Consumer		
Local	84%	58%
Overseas	16%	42%

In the Fertiliser division, the proportion of spending on local suppliers increased from 42% in FY2023 to 50% in FY2024, reflecting a deliberate and positive shift towards strengthening our local supply chain. Meanwhile, the Industrial and Consumer division achieved a remarkable increase in local sourcing, rising from 58% to 84%. This growth was largely driven by the inclusion of Pacific Office (M) Sdn. Bhd. and Hextar Mitai Sdn. Bhd., both of which are predominantly local suppliers. This strategic move highlights our unwavering commitment to reducing dependency on overseas suppliers, lowering transportation-related emissions, and bolstering local economies.

Strengthening Resilience and Commitment to a Sustainable Future

By focusing on local suppliers, we not only reduce environmental impacts but also fortify the resilience of our supply chain, creating a more agile and responsive network. These partnerships contribute to sustainable economic development, reduce transportation emissions, and strengthen our commitment to long-term, positive impacts on society and the environment.

As we move forward, HIB remains steadfast in advancing sustainability throughout our supply chain. We are committed to engaging with suppliers who share our vision for a sustainable future and to continuously improving our practices in line with evolving environmental, social, and governance standards. By nurturing sustainable, long-term partnerships, we aim to create a supply chain that not only drives our business success but also contributes positively to global sustainability goals.

OCCUPATIONAL SAFETY AND HEALTH ('OSH')

At the heart of our commitment to the well-being of our employees, we prioritize Occupational Safety and Health (OSH), aligning our efforts with UNSDG 3. Under the vigilant leadership of our Group Managing Director - Ang Sui Aik, the OSH Committee takes proactive steps in overseeing all safety-related matters. This Committee investigates any workplace incidents or accidents to determine their root causes, ensuring the implementation of effective and timely mitigation measures to prevent future occurrences.

3 GOOD HEALTH AND WELL-BEING

SUSTAINABILITY STATEMENT
cont'd

To guide our efforts, we have implemented comprehensive policies, including a Health and Safety Policy and a Personal Protective Equipment Policy, which all employees are required to adhere to. Strict compliance with these policies is mandatory, and deviations from the set standards are met with stringent disciplinary actions. Additionally, we maintain first-aid kits across our Group in compliance with the Occupational Safety and Health Act, while our office lifts are subject to monthly maintenance checks to ensure the safety of our personnel.

Training and Development: Cultivating a Safety-Centric Workforce

Investing in the continuous development of our employees is key to maintaining a culture of safety. In FY2024, we enhanced our workforce's capabilities through comprehensive safety training programs, including:

- Forklift Safety Training
- Occupational Safety & Health Coordinator
- Kursis Pentelaras Keselamatan dan Kesigatan Pekerjaan (OSH-Coorfinator)
- Certified Environmental Professional in Scrubber Operation (CEPSO)
- Working Safety at Height Refresher
- Forklift Safety and Technical Training
- Authorised Entrant & Standby Person for Confined Space Refresher
- Occupational Safety and Health Coordinator
- Oil & Gas Safety Passport

Our commitment to training has been steadfast, with 64 employees participating in various health and safety programs, accumulating 588 hours of training in FY2024.

Number of Employees Attended

Employee Structure	FY2024	FY2023
Management	6	5
Executive	9	11
Non-executive	50	5
Total	**65**	**21**

Training Hours Completed

Employee Structure	FY2024	FY2023
Management	70	88
Executive	175	176
Non-executive	364	88
Total	**609**	**352**

Emergency Preparedness and ISO Certification

As part of our ongoing commitment to safety, we have formed an Emergency Response Team (ERT) trained by Malaysia's Fire and Rescue Department (BOMBA). This training in emergency response, fire prevention, and safety measures includes real-life simulations to enhance readiness for any potential crisis.

In addition, our ISO 45001:2018 certification—the globally recognized standard for Occupational Health and Safety Management Systems—further underscores our dedication to maintaining a safe, secure, and resilient workplace for all.

Safety Performance: Achieving Zero Injuries

We are pleased to report zero (0) work-related injuries and zero (0) fatalities in FY2024, with a total of 1,174,896 hours worked and a Lost-Time Incident Rate (LTIR) of zero (0). This marks a significant improvement from previous years and demonstrates the effectiveness of our OSH initiatives in safeguarding employee health and safety.

	FY2024	FY2023
Number of hours worked	1,174,896	859,040
Number of work-related fatalities	Nil	Nil
Number of work-related injuries	Nil	2
Lost-time incident rate	Nil	0.47

Moving forward, we remain committed to continuous improvement, with a goal of maintaining a zero-injury workplace and fostering an environment where employee health and safety are prioritized.

LABOUR PRACTICES AND STANDARDS

We are committed to fostering a workplace that is based on fairness, respect, and ethical conduct. Our Harassment Policy and Labour Rights Policy underscore our firm stance against discrimination, harassment, violence, forced labour, and child labour. These policies ensure that all employees are fully aware of their rights and responsibilities and are protected in a safe and respectful environment.

To support this commitment, we have shared information about the various types of harassment that may be encountered in and around the office. This initiative aims to raise awareness and ensure that all employees are well-informed. Additionally, we have provided clear guidelines on the appropriate steps to take if one experiences or witnesses harassment, emphasizing our strong stance against harassment and the support systems available to all employees.

As part of our ongoing commitment to maintaining a safe and respectful workplace, we actively monitor and address any complaints related to harassment or other violations of our policies. In 2024, we received zero (0) substantiated complaints concerning harassment or human rights violations, reflecting the effectiveness of our preventive measures, robust reporting mechanisms, and the strong ethical culture we have cultivated within our organization.

Employee Welfare, Culture, and Development

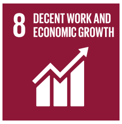
Our Human Resource Department is responsible for managing employee benefits and overseeing all matters related to employee relations within the group. The Employee Handbook serves as the foundation of our policies and outlines the comprehensive benefits available to employees. These benefits are aligned with each employee's job grade and length of service and include:

- Annual leave
- Maternity, paternity, and marriage leave
- Compassionate leave
- Prolonged illness leave
- Medical benefits and insurance
- Personal accident insurance
- Group medical card policy

SUSTAINABILITY STATEMENT
cont'd

For employees at the executive level and above, we offer sponsorship for professional memberships to support continuous development and growth in their careers. Approved professional memberships related to our business are reimbursed, further promoting skill enhancement.

In line with UNSDG 8, we believe that a motivated work environment contributes to positive workplace culture and enhances employee performance. Our core values of **H**umility, **E**xcellence, **X**-factor, **T**rustworthy, **A**daptability and **R**esponsibility are deeply ingrained in our operations, and motivational quotes displayed throughout our office spaces inspire employees to remain driven and focused on achieving their Key Performance Indicators.



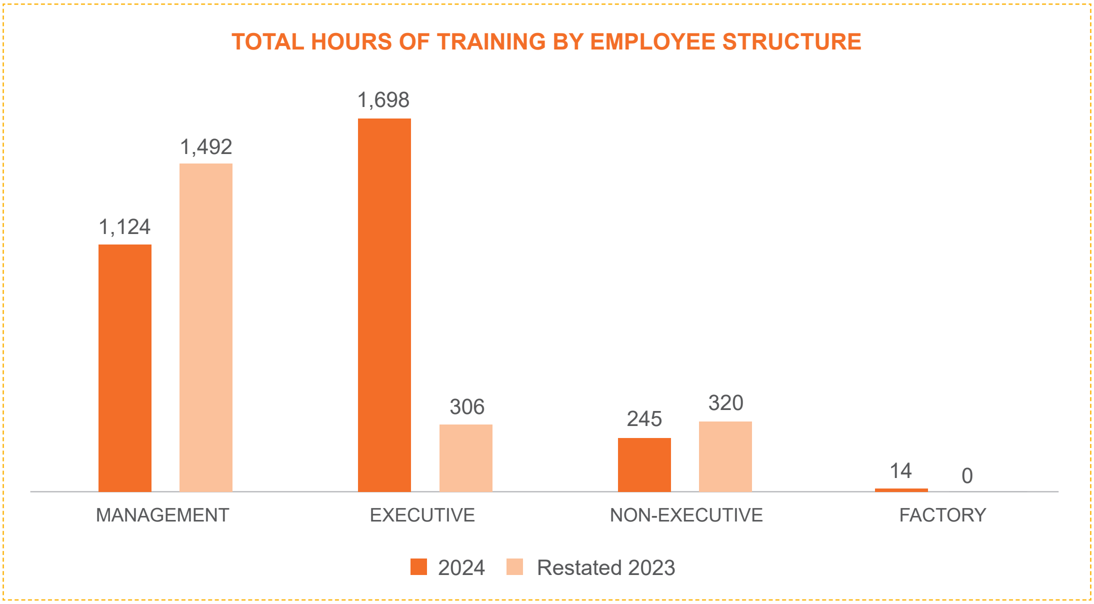
SOCIAL

Employee Training and Development

In FY2024, we demonstrated our strong commitment to employee growth by investing significantly in training and development. We recognize that continuous professional development is key to ensuring the success and growth of our team. To support this, we offered a variety of training opportunities, both internal and external, for employees across all levels, from non-executive roles to management.

Our training programs are designed to help employees expand their skills and knowledge, with new hires receiving orientation programs for a seamless integration into our company culture. Existing employees are provided with both internal and external training opportunities, enabling them to further their professional development.

In total, our team accumulated 3,690 hours of training in FY2024. Below is a breakdown of the training hours by employees:



SUSTAINABILITY STATEMENT
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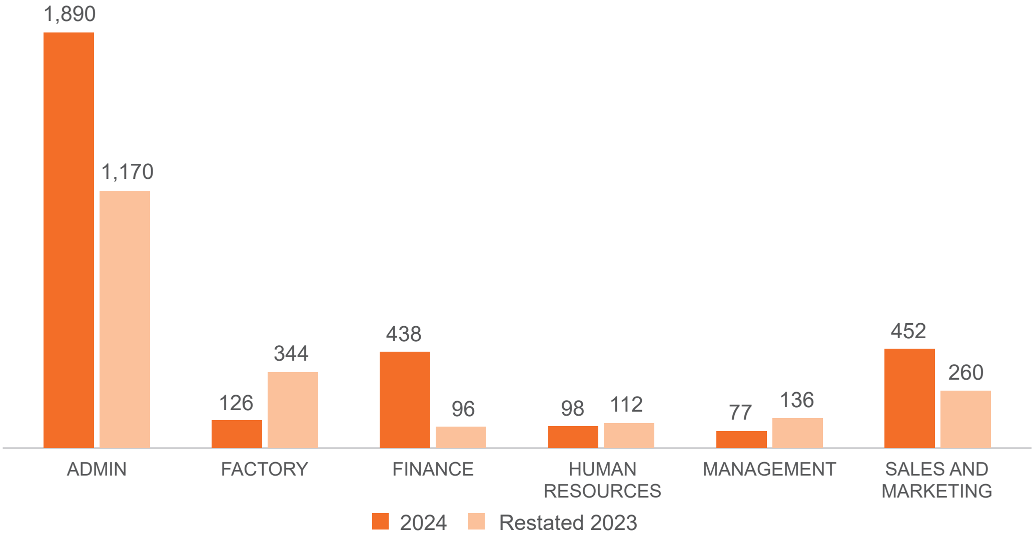
TOTAL HOURS OF TRAINING BY FUNCTION



Throughout the FY2024, our employees participated in several external training programs aimed at enhancing their expertise in key functional areas such as administration, finance, and sales. These training programs were carefully selected to ensure our team stays at the forefront of industry developments and continues to grow in their respective roles.

Training Programme Attended	Date
FMM Briefing on E-Invoicing for Manufacturers	January 2024
Navigating Employment Laws in Malaysia 2D	March 2024
E-Invoicing & Tax Navigator Training	April 2024
E-Invoicing	May 2024
Microsoft Excel Intermediate	May 2024
Microsoft Excel Advanced	May 2024
A Basic Introduction to Directorship	June 2024
Autocad 2D Basics From Zero	June 2024
Crushing and Screening Course	June 2024
RMCD-FMM Handholding Seminar on Sales & Service Tax (SST)	June 2024
Agile Managerial Program	July 2024
ISO 9001:2015 Awareness Course	July 2024
ISO 9001:2015 Internal Audit Course	July 2024
Enterprise Builder ERP Modules Training	July 2024
Seminar Pematuhan Pengurusan Buangan Terjadual Pengukuhan Pelaporan Atas Talian (ESWIS)	August 2024
Mastering The Art and Science of Problem Solving & Decision Making	August 2024
Environmental Management Course	September 2024

SUSTAINABILITY STATEMENT
cont'd

Training Programme Attended	Date
OMS Risk and Opportunity Analysis Training	November 2024
PQA Technical Workshop in Collaboration with ORICA & EPIROC	November 2024
Strategic Performance Appraisal 2D	November 2024
Agile Managerial Program 2D	November 2024
Basic Scaffold Erector	December 2024
The Supercharged Team	December 2024

We recognise that strong employees' bonding is critical to support each other in the workplace. During FY2024, we have engaged our employees in the following events and activities in order to establish a favourable and harmonious working environment: -

Empowering Hextarians Through E-Invoicing Training

In May 2024, the E-invoicing training held at Wyndham Acmar Klang equipped Hextarians with essential skills for the new government system launching on 1 August 2024. This training ensured that all staff were prepared for the transition, making the invoicing process more efficient and boosting productivity. By empowering employees with the right tools and knowledge, the session contributed to smoother operations and greater job satisfaction across the company.

Hextar Health Day

The Hextar Health Day, held in June 2024, successfully promoted the health and well-being of our employees. With a Health Talk Session and free medical checkups, the event provided Hextarians with valuable resources to take control of their health. These activities supported both physical and mental wellness, fostering a more engaged and productive workforce. By prioritizing employee health, we continue to build a sustainable workplace focused on long-term satisfaction and growth.

Weekly Fitness Classes for Ladies

Our company promotes employee well-being through weekly fitness classes for ladies, offering a rotating schedule of Pounding, Piloxing, Zumba, and Yoga, all led by certified instructors. These activities help improve physical health, reduce stress, and foster a sense of community among our female staff. By providing these opportunities, we support a balanced lifestyle and contribute to the long-term well-being of our employees, aligning with our sustainability goals of creating a healthy, engaged workforce.

Staff Engagement Activity at District 21

The staff engagement activity at District 21 in May 2024 was a great success in strengthening team spirit and fostering camaraderie. With activities like obstacle courses and trampolines, the event promoted physical health, reduced stress, and helped employees connect. This event supported our commitment to a healthy, active lifestyle while contributing to the mental well-being of our staff, reinforcing our focus on building a sustainable and positive workplace.

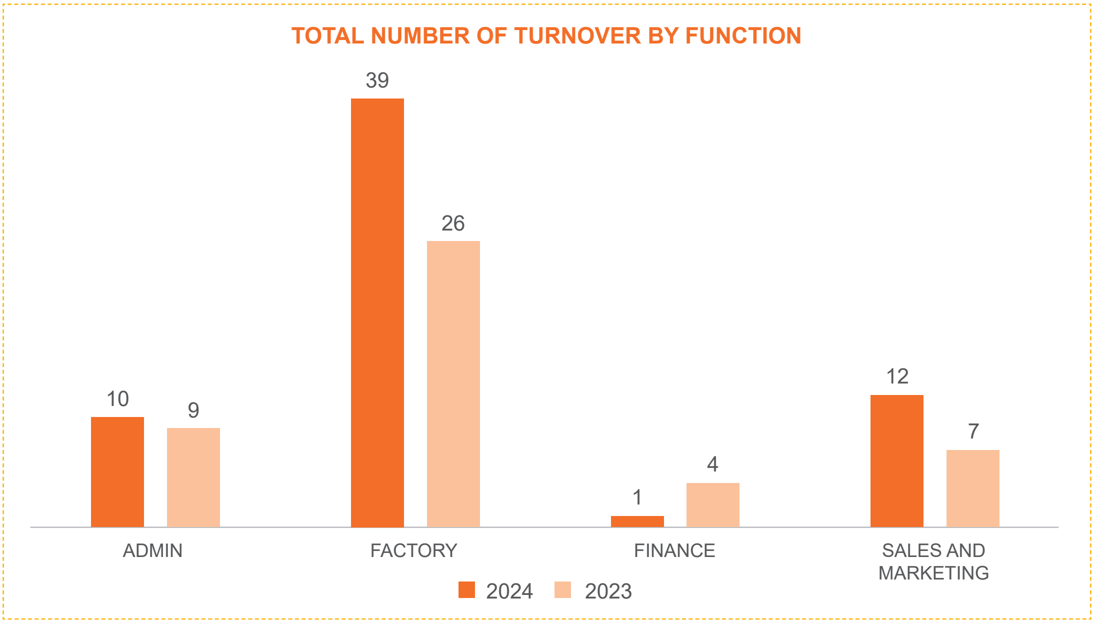
Hextar Chairman Cup

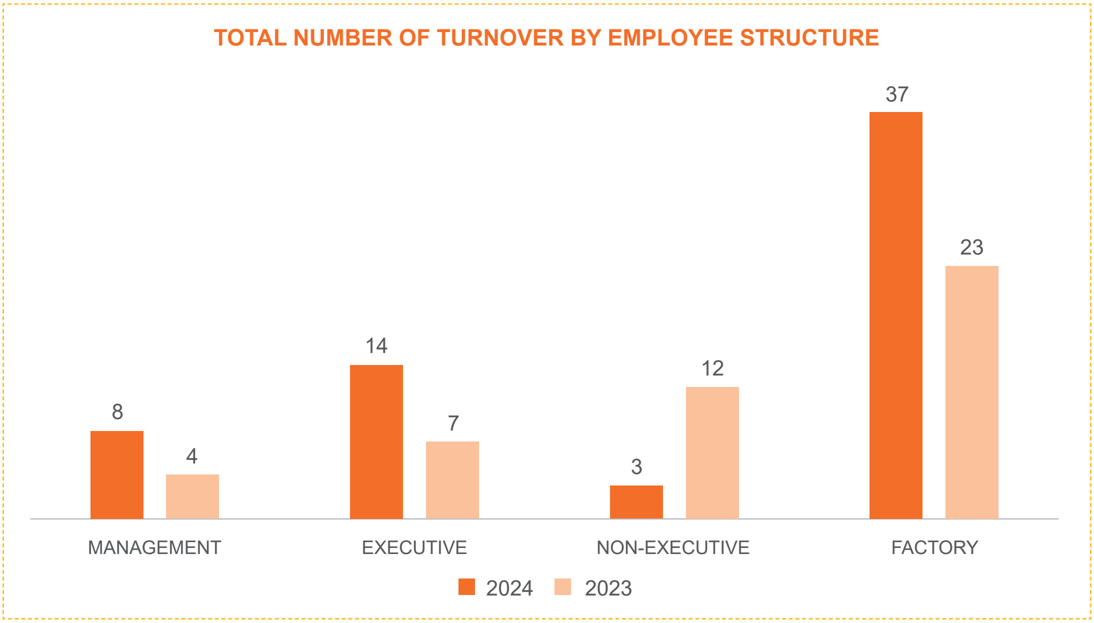
The Hextar Chairman Cup, held in 2024, was an exciting and engaging series of sports events that brought together employees through a diverse range of activities, including badminton, bowling, pool, golf, and telematch. These events not only provided an opportunity for employees to showcase their skills and talents, but also played a crucial role in fostering team spirit, collaboration, and healthy competition. By encouraging physical activity and social interaction, the Hextar Chairman Cup contributed to the overall well-being of employees, helping to reduce stress and improve mental health. This initiative supports our commitment to sustainability by promoting a balanced and healthy workplace environment, strengthening interpersonal relationships, and enhancing employee engagement, all of which are key to building a positive and sustainable corporate culture.

Employee Turnover and Commitment

In FY2024, the total number of employee turnovers was only 62 or 11% of our total workforce. This figure represents our ongoing efforts to create a rewarding work environment and the strong alignment between our employees' aspirations and the opportunities provided within our organization. As we advance, we remain steadfast in our commitment to nurturing a supportive workplace and solidifying our standing as a conscientious employer.

SUSTAINABILITY STATEMENT
cont'd





Our commitment to ethical employment practices is demonstrated through our workforce composition, which is comprised entirely of permanent staff, with no reliance on contract or part-time workers. This policy underlines our dedication to job security and the long-term welfare of our employees, ensuring a stable and supportive work environment.

DIVERSITY & INCLUSION

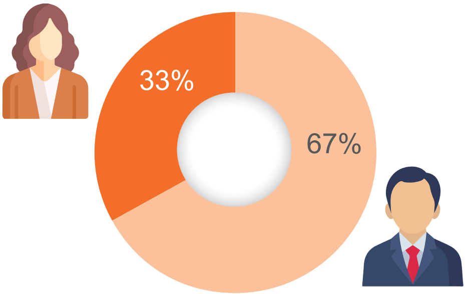
At HIB, we are proud to have a workforce that reflects a rich tapestry of diverse cultural backgrounds, ethnicities, genders, ages, experiences, and nationalities. This diversity is a key driver of creativity, collaboration, and innovation within our organization, enabling us to meet the evolving needs of our business and stakeholders.

Our commitment to diversity and inclusion is aligned with the UNSDG 10, which aims to eliminate discriminatory practices and ensure equal opportunities for all. We uphold these values in every aspect of our operations, ensuring that all employees are treated with fairness, dignity, and respect.

Board Diversity

We continue to prioritize diversity at the highest levels of leadership. As of the end of the FY2024, women make up 33% of our Board of Directors, in line with the Malaysian Code on Corporate Governance recommendations. Our Board also remains diverse in terms of age, spanning individuals from their 40s to their 60s and above, ensuring a broad range of perspectives and experiences in our decision-making.

The following tables illustrate the age and gender distribution of our Board members for FY2023 and FY2024:



Age group

Age group	FY2024		FY2023	
	Number	Percentage	Number	Percentage
Under 30	-	0%	-	0%
30-50	2	29%	2	33%
Above 50	5	71%	4	67%
Total	**7**	**100%**	**6**	**100%**

Gender

Gender	FY2024		FY2023	
	Number	Percentage	Number	Percentage
Male	4	57%	4	67%
Female	3	43%	2	33%
Total	**7**	**100%**	**6**	**100%**

In FY2024, we welcomed a new female director to the Board, further strengthening our ongoing commitment to having diverse voices and perspectives in our leadership structure. This reinforces our dedication to fostering an inclusive and balanced leadership team.

SUSTAINABILITY STATEMENT

cont'd

Employee Diversity

Our employee diversity reflects a similar commitment to inclusion, with a workforce that is balanced across various ethnicities, genders, and age groups. As of 31 December 2024, we employ 597 individuals, with nearly equal representation from Malay, Chinese, and Indian employees, alongside a modest representation from other ethnic groups. This diverse mix ensures a dynamic and inclusive environment where everyone can contribute their unique perspectives and skills.

Furthermore, our workforce is diverse across different levels of the organization. Our gender distribution is balanced, and we continue to provide equal opportunities for all employees, regardless of gender, ethnicity, or age. We believe in offering all employees the chance to grow, develop, and succeed, fostering a supportive environment for everyone.

Employee Distribution by Key Categories:

Management Level	Age	FY2024		FY2023	
		Number		Number	
Management	Under 30	7	1%	2	0%
	30-50	95	16%	51	12%
	Above 50	29	5%	20	5%
Executive	Under 30	29	5%	22	6%
	30-50	104	18%	59	14%
	Above 50	13	2%	7	2%
Non-Executive	Under 30	11	2%	10	3%
	30-50	26	4%	20	5%
	Above 50	7	1%	5	1%
Factory	Under 30	85	14%	71	17%
	30-50	169	28%	129	31%
	Above 50	22	4%	17	4%
	Total	**597**	**100%**	**413**	**100%**

Management Level	Gender	FY2024		FY2023	
		Number		Number	
Management	Male	82	14%	49	12%
	Female	49	9%	24	6%
Executive	Male	67	11%	36	9%
	Female	79	13%	52	13%
Non-Executive	Male	13	2%	6	1%
	Female	31	5%	29	7%
Factory	Male	269	45%	215	52%
	Female	7	1%	2	0%
	Total	**597**	**100%**	**413**	**100%**

The increase of 184 employees, from 413 to 597, is primarily driven by the following factors:

- the inclusion of 77 employees from Pacific Office (M) Sdn Bhd and Hextar Mitai Sdn Bhd (not accounted for in the 2023 headcount),
- the recruitment of 65 new foreign workers to support operational needs
- the addition of 32 new employees to bolster the development of Luckin business.

Commitment to a Discrimination-Free and Inclusive Workplace

We are pleased to report that in FY2024, we received zero incidents of discrimination, which reflects the effectiveness of our efforts to create an inclusive and respectful workplace. This achievement underscores our commitment to ensuring that every employee is treated fairly, without discrimination, and reinforces our ongoing dedication to maintaining a workplace free from harassment and discrimination.

At HIB, we remain steadfast in our commitment to creating a diverse, inclusive, and equitable environment for all employees. We believe that diversity drives innovation, strengthens our organizational culture, and supports the long-term success of our business. We will continue to advance our diversity and inclusion efforts, ensuring that every employee has the opportunity to thrive and contribute to our shared success.

SUSTAINABILITY STATEMENT
cont'd

GOVERNANCE

The governance dimension of sustainability reflects our commitment to ethical leadership, transparency, and accountability in all aspects of our operations. It encompasses how we manage our organization, make decis The governance dimension of sustainability reflects our commitment to ethical leadership, transparency, and accountability in all aspects of our operations. It encompasses how we manage our organization, make decisions, and ensure compliance with laws, regulations, and ethical standards. At HIB, we prioritize integrity, responsible governance, and the prevention of unethical practices to build trust with our stakeholders and create a foundation for sustainable growth.

Our policies

To uphold these principles, we have established the following policies:

- Corporate Code of Conduct & Ethics
- Anti-Bribery and Corruption Policy
- Data Privacy and Security Policy
- Data Management Policy
- Data Backup and Recovery Policy

These policies underscore our dedication to strong governance practices and our responsibility to operate ethically, transparently, and securely. Through these efforts, we aim to foster trust, mitigate risks, and ensure long-term value for our organization and stakeholders.

ANTI-BRIBERY AND CORRUPTION

At HIB, we maintain a strong commitment to upholding the highest standards of corporate governance, with a focus on integrity, transparency, and ethical business conduct. In line with our UNSDG 16, we are dedicated to eradicating all forms of bribery and corruption through comprehensive policies and practices designed to safeguard our operations, assets, and stakeholders.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key Policies:

Corporate Code of Conduct & Ethics ("Code")

This applies to all employees and Directors of HIB Group to ensure ethical and compliant business practices.

- Business Conduct
  - Treat vendors, business partners and competitors fairly, avoiding conflicts of interest.
  - Ethical dealings with the government; no gifts that violate laws.
  - Direct all investor and media inquiries to management.
- Money Laundering & Bribery
  - Follow money laundering laws and report suspicious activities.
  - No bribery; gifts must be modest and declared.
- Employee Conduct
  - Maintain a workplace free of discrimination, harassment, and fraud.
  - Outside activities must not conflict with company interests.
  - Disclose conflicts of interest, including family ties to business dealings.
- Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited
- All applicable laws, rules, and regulations must be adhered to accordingly.

Anti-Bribery and Corruption Policy ("ABCP")

In compliance with the Malaysian Anti-Corruption Commission Act 2009, the Group enforces a zero-tolerance policy towards bribery and corruption.

- The Group has zero-tolerance against all forms of bribery and corruption.
- Regular corruption risk assessments are conducted, with controls in place to mitigate identified risks.
- Gifts, donations, and sponsorships over RM500 require approval.
- Employees must avoid conflicts of interest and declare any such situations to management.
- Due diligence shall be conducted before entering into any formalised relationship.
- "No Gift" policy is implemented.
- Facilitation payments are strictly disallowed.

Whistle Blowing Policy

We have implemented a robust whistleblowing mechanism to allow employees and stakeholders to confidentially report suspected misconduct, corruption, or fraud. Reports made in good faith are treated confidentially, with investigations conducted to ensure appropriate actions are taken.

- 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 whistle-blower.
- The whistleblowing policy has been made aware to all employees under HIB through mandatory orientation programme which were attended by all employees.
- Investigation will be conducted and appropriate disciplinary actions will be undertaken, if applicable.

Training and Awareness:

We ensure that all employees are periodically trained on anti-corruption practices and that our policies are communicated consistently throughout the Group, particularly to new employees during onboarding programs.

Indicators	FY2024	FY2023
Percentage of employees that have received training on anti-corruption	100%	100%
Percentage of operations assessed for corruption-related risks	100%	100%

As of 31 December 2024, we recorded zero (0) incidents of corruption across HIB's business operations.

Description	FY2024	FY2023
Number of confirmed corruption incidents	Nil	Nil

Performance Highlights:

- We are pleased to report that no whistleblowing reports regarding bribery, corruption, or fraud were received during FY2024.
- Additionally, no employees were disciplined or dismissed due to violations of anti-corruption policies, nor were any public cases brought against the Group or its employees for non-compliance with relevant laws and regulations.
- Furthermore, no confirmed corruption incidents were reported during FY2024, underscoring our continued commitment to a zero-tolerance approach to corruption.

By rigorously enforcing our anti-bribery and corruption policies, we strive to maintain a corporate culture that prioritizes integrity and accountability. This ongoing commitment is essential in ensuring the long-term sustainability of our operations while safeguarding the interests of our shareholders, employees, and all other stakeholders.

DATA PRIVACY AND SECURITY

In today's increasingly digital world, protecting personal data is a top priority for us. Our commitment to safeguarding the privacy and security of our stakeholders is at the core of our operations. We have put in place robust measures to protect the personal information of our consumers and employees from cyber threats, unauthorized access, and data breaches. To reinforce our data protection framework, we have deployed Windows security on all corporate PCs and continually update our firewalls to defend against emerging cybersecurity risks. This proactive approach ensures that we remain at the forefront of the evolving cybersecurity landscape.

Furthermore, we have implemented a Data Management Policy that governs how data is collected, stored, accessed, and disposed of across the organization. This policy is designed to ensure compliance with data privacy laws and to protect sensitive information through secure access controls, data classification, and retention practices. It provides a clear framework for responsible data management, ensuring that only authorized personnel handle personal and business-related data while complying with relevant regulations.

To ensure the integrity and continuity of our data, we also follow a Data Backup and Recovery Policy. This policy mandates regular and secure backups of critical data, ensuring that it is encrypted and stored in multiple locations, including both on-premises and cloud-based storage. In the event of a data loss, system failure, or cyberattack, we have clearly defined recovery procedures in place to restore data quickly and minimize operational disruption. These protocols also set recovery objectives to ensure swift recovery times and minimal data loss.

As part of our vigilance, we actively monitor for any unusual activities within our systems. If suspicious behaviour is detected, we promptly alert employees with reminder emails to take necessary precautions against potential threats, such as phishing or other forms of cyberattacks. This quick response helps ensure that all staff members are aware and prepared to act on potential risks.

In FY2024, we are proud to report that we recorded no privacy breach complaints or instances of data loss, highlighting our dedication to maintaining the highest standards of data privacy and security. As we continue to adapt to the ever-changing digital landscape, we remain committed to protecting our stakeholders' information and upholding this exemplary record in the years ahead.

Key Performance Indicator	Number of incidents/ events in FY2024
Cybersecurity breaches	Nil
Incidents of substantiated complaints concerning breaches of privacy and losses of personal data	Nil

SUSTAINABILITY STATEMENT
cont'd

STATEMENT OF ASSURANCE

Baker Tilly Monteiro Heng Governance Sdn Bhd has been engaged to perform an outsourced function to provide internal audit services for the review of Hextar Industries Berhad's ("HIB" or "the Company") Sustainability Reporting Process for the audit period from 1 January 2024 to 31 December 2024 for reporting to the Audit Committee ("AC").

Subject Matter

The subject matters covered by the internal audit review includes all common sustainability matters and accompanying indicators identified by Bursa, as presented in the Sustainability Report Financial Year 2024.

Scope

The scope of the internal review includes all operations within the control of HIB across Malaysia. The boundary of internal review includes the company's operations in the following locations: Peninsular Malaysia, Sabah, and Sarawak.

PERFORMANCE DATA

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	121,950.00	71,664.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4,269	2,095
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	1.00
Management Between 30-50	Percentage	12.00	16.00
Management Above 50	Percentage	5.00	5.00
Executive Under 30	Percentage	6.00	5.00
Executive Between 30-50	Percentage	14.00	18.00
Executive Above 50	Percentage	2.00	2.00
Non-executive/Technical Staff Under 30	Percentage	3.00	2.00
Non-executive/Technical Staff Between 30-50	Percentage	5.00	4.00
Non-executive/Technical Staff Above 50	Percentage	1.00	1.00
General Workers Under 30	Percentage	17.00	14.00
General Workers Between 30-50	Percentage	31.00	28.00
General Workers Above 50	Percentage	4.00	4.00
Gender Group by Employee Category			
Management Male	Percentage	12.00	14.00
Management Female	Percentage	6.00	9.00
Executive Male	Percentage	9.00	11.00
Executive Female	Percentage	13.00	13.00
Non-executive/Technical Staff Male	Percentage	1.00	2.00
Non-executive/Technical Staff Female	Percentage	7.00	5.00
General Workers Male	Percentage	52.00	45.00
General Workers Female	Percentage	0.00	1.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	67.00	57.00
Female	Percentage	33.00	43.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	33.00	29.00
Above 50	Percentage	67.00	71.00

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT
cont'd

Indicator	Measurement Unit	2023	2024
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	11,375.16	15,913.05
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.47	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	21	65
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	1,492	1,124
Executive	Hours	306	1,698
Non-executive/Technical Staff	Hours	320	245
General Workers	Hours	0	14
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	4	8
Executive	Number	7	14
Non-executive/Technical Staff	Number	12	3
General Workers	Number	23	37
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	43.00	55.00
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	116.813000	113.414000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	1,301.51	1,928.56
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	33.00	59.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1,268.51	1,869.56
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,414.00	2,415.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	3,783.00	4,289.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,130.00	1,152.00

Internal assurance External assurance No assurance (*)Restated

MANAGEMENT DISCUSSION AND ANALYSIS

Hextar Industries Berhad ("HIB" or "the Company") was listed on the ACE Market of Bursa Securities on 13 February 2014 and achieved a significant milestone a decade later with its transfer to the Main Market on 28 June 2024, reflecting its growth and strengthened market position.

HIB operates as an investment holding company, with its subsidiaries (collectively, "HIB Group" or "the Group") initially engaged in the quarry business as a distributor and supplier of industrial products. The Group has since diversified strategically:

2018

- Strategically expanded its operations into Fertilisers and Equipment Rental segments through the acquiaistion of PK Fertilizers (Sarawak) Sdn. Bhd. and TK Rentals Sdn. Bhd.

2022

Acquired Hextar Fertilizers Group Sdn. Bhd ("HFG"), gaining immediate access to:

- Manufacturing and distribution networks across Peninsular Malaysia (Port Klang, Pasir Gudang), Sabah (Lahad Datu) and Sarawak (Bintulu)
- Global export markets, including Indonesia, Taiwan, Australia, Fiji and Africa

2023

- Broadening its portfolio to include office supplies trading and engineering solutions through by acquired Pacific Office (M) Sdn. Bhd. and Hextar Mitai Sdn. Bhd.

2024

- Entered the retail sector through an exclusive partnership with Luckin Coffee Holding Singapore Pte Ltd. to develop and operate "Luckin Coffee" outlets, marking a new phase of growth

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

The Group operates under two key divisions:

Division	Principal activities
Fertilisers	- Manufacturing and formulating, compound fertilisers, distributing and trading various fertilisers, as well as providing crop management solutions and services, professional agronomic advisory and consultation services, in-house product development and bulk blending and mixing of various formulations; and - Trading of wide range of straight fertilisers and offer customisation of fertiliser formulations based on customers' agriculture requirements.
Industrial and Consumer [(1)]	- Supplying and distributing machinery, spare parts, conveyor belts and industrial products to quarry industry; - Manufacturing, distributing and supplying quarry crusher screens; - Provision of temporary temperature control, power, structure solutions; - Trading of industrial products includes forklifts, lighting fixture and/or its accessories/parts; - Trading of stationery and office supplies; - Provides engineering design customisation, fabrication and project management; and - Retail business in foods and beverages.

Note: [(1)] Includes Heavy Equipment, Equipment Rental, Engineering Solution, Office Supplies and Retail Business.

HIB remains committed to delivering enhanced value for its stakeholders by maintaining a competitive edge in its business operations and sustaining long-term profitability. Through strategic expansion, operational efficiency and innovation, the Group aims to strengthen its market position while maximising returns for shareholders.

Fertiliser Division

Our Group supplies a comprehensive range of fertilisers, categorised into the following types:

Straight Fertilisers

- A raw fertiliser material that may contain only one primary or one secondary plant nutrient, namely nitrogen, phosphorus, potassium, magnesium, sulphur and micronutrients, such as boron, copper, zinc, etc.

Bulk Blend and Mixtures Fertilisers

- Granular blend form or powder mix of fertilisers which contain two or more nutrients, which is produced through the process of physical mix of various type of straight fertilisers. Various formulations can be tailor-made on special request.

Compound Fertilisers

- Contains two or more nutrients. NPK compound fertilisers are three-component nutrients providing nitrogen, phosphorus and potassium. Compound fertiliser is produced through a process of granulation/compaction of a mixture of various types of straight fertilisers to achieve a desired nutrient composition.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Industrial and Consumer Division

Our Industrial and Consumer Division encompasses a diverse portfolio of products and services, despite its minimal revenue contribution to the Group. In November 2024, this division experienced further expansion through a strategic partnership with Luckin Coffee Holding Singapore Pte Ltd., securing exclusive rights to develop and operate "Luckin Coffee" outlets. This initiative aligns with the Group's ongoing efforts to explore new market opportunities and enhance its business diversification strategy.

Below is a summary of the products and services offered under this division:

Heavy Equipment

- Supplies of tools and parts for the quarry industry such as crushers, crawler drills, breakers, rippers and others.

Equipment Rental

- Provides air conditioning and cooling systems, power generating equipment and tent for events; supplies of forklifts, lighting fixture and accessories.

Engineering Solution

- Offers one-stop project management by providing design customisation, fabrication, engineering, procurement, construction and commission.

Office Supplies

- Provides wide ranges of office supplies such as stationery, paper, printer, shredder, chart boards, office chairs, tables, cabinets and many more.

Retail Business

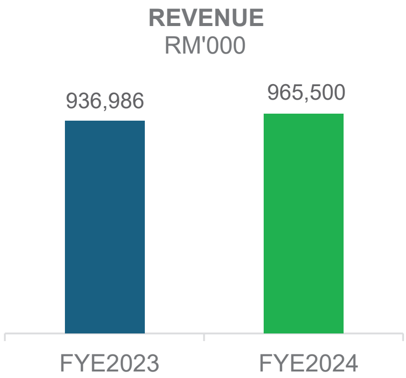
- Develop, open and operate coffee shops under the "Luckin Coffee" name in Malaysia.

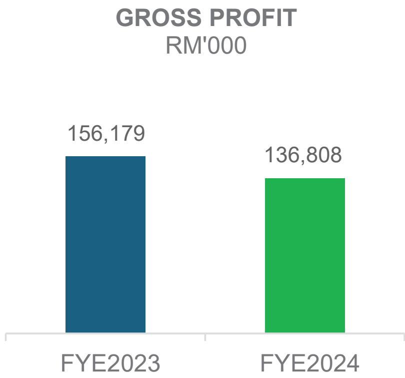
MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

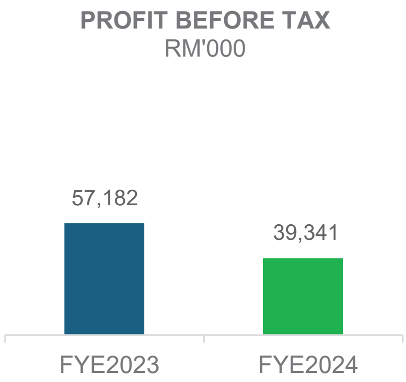
FINANCIAL PERFORMANCE REVIEW

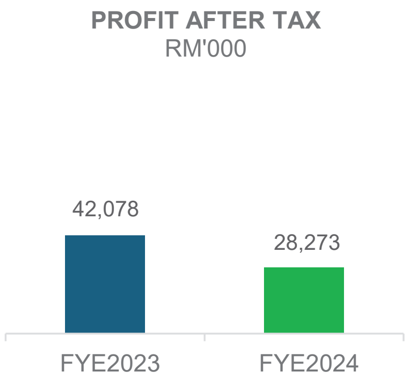
The Group recorded a revenue of RM965.6 million for the financial year ended 31 December 2024 ("FYE2024"), reflecting an increase from RM937.0 million in the previous financial year ("FYE2023").

	FYE2024 RM'000	FYE2023 RM'000
Revenue	965,500	936,986
Gross Profit ("GP")	136,808	156,179
Profit Before Tax ("PBT")	39,341	57,182
Profit After Tax ("PAT")	28,273	42,078
Gross Profit Margin (%)	14.2%	16.7%
PBT Margin (%)	4.1%	6.1%
PAT Margin (%)	2.9%	4.5%







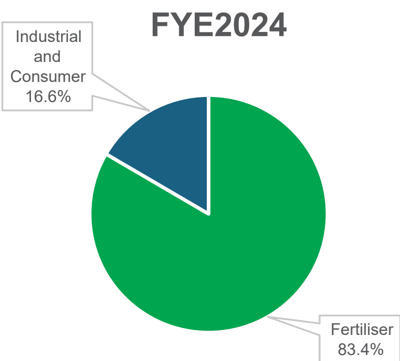


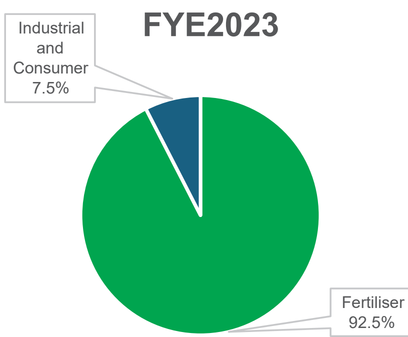
MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FINANCIAL PERFORMANCE REVIEW *(cont'd)*

Revenue

	FYE2024 RM'000	FYE2023 RM'000
Fertiliser	805,540	866,266
Industrial and Consumer	159,960	70,720
Total	**965,500**	**936,986**





Fertiliser Division

The Fertiliser Division continued to be the primary revenue driver for the Group, contributing 83.4% (RM805.5 million) of total revenue in FYE2024. However, its revenue was impacted by a decline in the average selling price, in line with global market trends. Despite this, the Group remains optimistic about its prospects, supported by the expansion and innovation of its fertiliser business and sustained government interest in the development of plantation crops.

Industrial and Consumer Division

The Industrial and Consumer Division has significantly increased its contribution to the Group's revenue, rising from 7.5% in FYE2023 to 16.6% in FYE2024. This substantial growth was primarily fuelled by the successful integration of two newly acquired subsidiaries, specialising in engineering solutions and office supplies.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FINANCIAL PERFORMANCE REVIEW *(cont'd)*

Gross Profit and Gross Profit Margin

	Gross Profit		Gross Profit Margin	
	FYE2024 RM'000	FYE2023 RM'000	FYE2024 RM'000	FYE2023 RM'000
Fertiliser	106,782	136,272	13.3%	15.7%
Industrial and Consumer	30,026	19,907	18.8%	28.1%
Total	**136,808**	**156,179**	**14.2%**	**16.7%**

The Group recorded a gross profit of RM136.8 million in FYE2024, with a gross profit margin of 14.2% compared to 16.7% in FYE2023. While there was a marginal decline, the Group remained resilient in navigating market dynamics and adapting to industry trends.

The lower gross profit in FYE2024 was primarily due to a slowdown in the Fertiliser Division. The gross profit margin for this division declined from 15.7% in FYE2023 to 13.3% in FYE2024, mainly attributed to a decrease in the average selling price, in line with global market trends.

In FYE2024, the Industrial and Consumer Division recorded a gross profit margin of 18.8%, compared to 28.1% in FYE2023. This was mainly due to a different projects mix in Equipment Solutions, which impacted overall margins.

Profit Before Tax ("PBT") and Profit After Tax ("PAT")

The Group reported a PBT of RM39.3 million in FYE2024, compared to RM57.2 million in FYE2023, primarily due to lower gross profit. Consequently, the Group's PAT stood at RM28.3 million in FYE2024, down from RM42.1 million in the previous year.

FINANCIAL POSITION REVIEW

	31 December 2024 RM'000	31 December 2023 RM'000	Variance RM'000	%
Assets				
Non-current assets	225,618	215,156	10,462	4.9
Current assets	585,657	534,648	51,009	9.5
Total assets	**811,275**	**749,804**	**61,471**	**8.2**
Liabilities				
Non-current liabilities	(111,372)	(114,803)	3,431	3.0
Current liabilities	(352,793)	(295,360)	(57,433)	(19.4)
Total liabilities	**(464,165)**	**(410,163)**	**(54,002)**	**(13.2)**
Net assets ("NA")/ Total Equity	**347,110**	**339,641**	**7,469**	**2.2**
Current ratio (times)	1.7	1.8		
Gearing ratio (times)	0.7	0.7		

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FINANCIAL POSITION REVIEW *(cont'd)*

The Group's total assets expanded by RM61.5 million, or 8.2%, from RM749.8 million as of 31 December 2023 to RM811.3 million as of 31 December 2024. This growth was primarily driven by a RM23.8 million increase in cash and bank balances, supported by strong net cash generation from operating activities. Additionally, other receivables rose by RM16.1 million, mainly due to advances for raw material purchases, while contract assets increased by RM11.9 million, reflecting the Group's right to consideration for work completed but not yet billed for engineering solution projects.

Total liabilities increased by RM54.0 million, or 13.2%, from RM410.2 million in FYE2023 to RM464.2 million in FYE2024. This was largely attributed to a RM39.3 million rise in trade payables, driven by higher fertiliser purchases to cater higher revenue.

The Group closed the financial year in a robust financial position, with cash and cash equivalents increasing to RM131.6 million from RM106.3 million in the previous year. The Group maintained a solid net asset position of RM347.1 million, a healthy current ratio of 1.7 times and a manageable gearing ratio of 0.7 times, reinforcing its financial resilience and capacity for future growth.

STATEMENT OF CASH FLOWS

	31 December 2024 RM'000	31 December 2023 RM'000
Net cash from operating activities	56,652	193,309
Net cash from/(used in) investing activities	1,042	(31,492)
Net cash used in financing activities	(32,429)	(127,943)
Net increase in cash and cash equivalents	25,265	33,874
Cash and cash equivalents at the beginning of the financial year	106,330	72,456
Cash and cash equivalents at the end of the financial year	**131,595**	**106,330**

Overall, the Group recorded a net increase in cash and cash equivalents of RM25.3 million as of 31 December 2024, primarily driven by the following factors:

i) Net cash inflow from operating activities of RM56.7 million. The profit before tax of RM39.3 million generated a cash inflow of RM72.9 million after adjusting for non-cash items. The cash generated from operating profits was largely utilised for the purchase of raw materials, tax payments and working capital requirements.

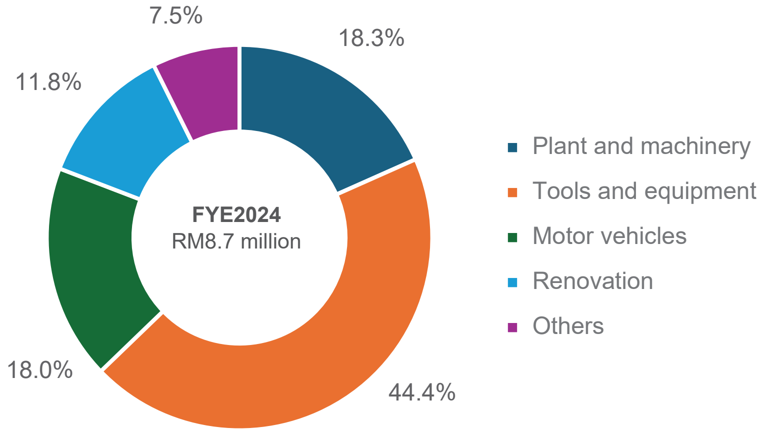
ii) Net cash inflow from investing activities totaled RM1.0 million, mainly driven by the uplift of other investments amounting to RM9.5 million. This was partially offset by capital expenditures of RM8.7 million for the acquisition of property, plant and equipment.

iii) Net cash used in financing activities of RM32.4 million, primarily due to the repayment of dividends declared in the last financial year, total amounting to RM27.5 million.

As at 31 December 2024, the cash and cash equivalents of the Group amounted to RM131.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

CAPITAL EXPENDITURE ("CAPEX")



In FYE2024, the Group incurred a total capital expenditure ("CAPEX") of RM8.7 million (excluding right-of-use assets), strategically allocated across various asset categories to support business operations and growth.

- **Tools and equipment** accounted for RM3.9 million, or 44.4% of total CAPEX, reflecting the Group's commitment to enhancing operational capabilities.
- **Plant and machinery** investments totalled RM1.6 million, or 18.3%, primarily for production-related enhancements.
- **Motor vehicles** represented RM1.5 million, or 18.0%, aimed at improving logistics and transportation efficiency.
- **Renovation works** amounted to RM1.0 million, or 11.8%, to upgrade and optimise the facilities.
- **Office equipment and furniture and fittings** accounted for the remaining RM0.7 million, or 7.5%, to enhance workplace efficiency and support business operations.

This strategic allocation of CAPEX underscores the Group's focus on strengthening its infrastructure and operational efficiency to drive long-term growth.

REVIEW OF OPERATING ACTIVITIES

Fertiliser

The Group's Fertiliser Division remained the core business segment in FYE2024, contributing RM805.5 million, or 83.4%, of the Group's total revenue. This represents a decline from FYE2023, where the division contributed RM866.2 million, or 92.5% of total revenue, mainly due to lower average selling price of fertilisers, in line with global market trends. Having said that, the demand remained resilient, supported by the favourable macroeconomic factors on the palm oil industry as well as the ongoing government initiatives to enhance plantation crop development and achieve self-sufficiency in key commodities.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

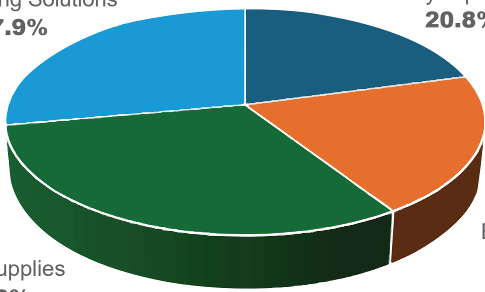
REVIEW OF OPERATING ACTIVITIES *(cont'd)*

Fertiliser *(cont'd)*

To strengthen its market position, the Group is actively expanding into the export market through strategic partnerships with local distributors in key agricultural economies, including Indonesia, Vietnam and Myanmar. These efforts are aimed at capitalising on the sustained demand for fertilisers across the region.

With these growth strategies in place, the Group remains confident in HIB's ability to uphold its market leadership in the fertiliser industry and drive long-term sustainable growth.

Industrial and Consumer



The Industrial and Consumer Division, comprising Heavy Equipment, Equipment Rental, Engineering Solutions and Office Supplies, contributed RM160.0 million or 16.6% of the Group's total revenue in FYE2024.

Following the acquisition of two new subsidiaries at the end of the last financial year, Office Supplies and Engineering Solutions have emerged as the primary revenue drivers within the division, generating RM94.7 million or 59.2% of the division's total revenue.

Meanwhile, Heavy Equipment and Equipment Rental contributed the remaining RM65.3 million or 40.8% of the division's revenue. The Group remains optimistic about the growth prospects of these segments, supported by an improving economic landscape, a positive outlook for the domestic construction sector and a resurgence in demand from the events industry.

ANTICIPATED OR KNOWN RISKS

We wish to highlight the key anticipated or known risks that the Group is exposed to, which may have a material impact on our operations and financial performance. Our plans and strategies to mitigate these risks are outlined as follows:

Dependency on the Agriculture Industry

The major portion of the Group's revenue is derived from the manufacturing and distribution of fertilisers, making the Group heavily reliant on the agriculture industry. Our primary customers are from the oil palm sector. The fertiliser business may be adversely affected by a decline in palm oil demand, lower crude palm oil prices and unfavourable weather conditions. Additionally, geopolitical disturbances that disrupt supply chains and impose export restrictions may lead to higher raw material costs.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

ANTICIPATED OR KNOWN RISKS *(cont'd)*

Exposure to Credit Risk

The Group's financial performance and stability are influenced by the creditworthiness of our customers. Our exposure to credit risk primarily arises from trade receivables, other receivables and financial guarantees provided to financial institutions. To mitigate this risk, the Group conducts thorough credit assessments of customers' repayment capabilities before granting credit terms.

Foreign Currency Exchange Fluctuation

A substantial portion of the Group's purchases is denominated in foreign currencies, including the United States Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY) and Chinese Yuan (CNY). As a result, fluctuations in the exchange rate of the Ringgit Malaysia (RM) against these currencies may impact both revenue and raw material costs. To manage foreign currency exposure, the Group closely monitors exchange rate movements on a daily basis.

DIVIDEND POLICY

The Group does not have any explicit dividend policy as the factors such as cash flow position, capital expenditure requirements, financial performance and financial condition will be taken into consideration by the Board when determining dividend payouts.

FORWARD-LOOKING STATEMENT

The transfer listing to the Main Market has elevated the Group's status, providing greater recognition and acceptance among investors. It enhanced the Group's corporate image, fostering increased confidence among clients, contractors, business partners, employees, bankers and shareholders.

In line with our commitment to driving positive environmental change through innovation and sustainable agriculture practices, we are excited to introduce our cutting-edge fertiliser called NutriGard which is enhanced with advanced Nano Biopolymer technology. This game-changing fertiliser will address challenges of reducing nutrient leaching losses and nutrient run-off. NutriGard fertiliser optimizes nutrient uptake, promotes plant growth with less resources, minimizes environmental impact, enhances soil health and ecology, protects groundwater quality, and fosters more sustainable agricultural ecosystems. We believe that using this innovative fertiliser, we can contribute toward a greener and more sustainable environment today and in the future.

The Malaysian government's Budget 2025 introduces key measures to support the palm oil sector, including increased replanting subsidies and an adjusted windfall profit levy threshold, providing cost relief to planters and incentivizing industry expansion. These policies come at an opportune time, as Crude Palm Oil ("CPO") prices have surged since last year, improving profitability and encouraging planters to invest in higher input of fertilisers in order to maximise yields. These macroeconomic trends present a significant growth opportunity for the Fertilisers Division. This Division is well-positioned to capitalise on rising demand by expanding into larger regional markets through strategic partnerships with local distributors in the neighbour countries, including Indonesia, Vietnam, Cambodia, and Myanmar.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FORWARD-LOOKING STATEMENT *(cont'd)*

Separately, the strategic partnership with Luckin Coffee Holding Singapore Pte Ltd which has granted us the exclusive right to develop, open and operate coffee shop under the "Luckin Coffee" brand nationwide, is expected to provide the Group with an additional revenue stream.

Moving forward, HIB remains cautiously optimistic about the outlook for FYE2025. The Group is committed to enhancing production efficiencies, managing overhead and production costs effectively and expanding its range of products and services to drive higher sales and profitability.

Acknowledgement

On behalf of the Board of HIB, I would like to extend my sincere appreciation to all our stakeholders, including shareholders, customers, suppliers, business partners, financiers and regulatory authorities, for their unwavering support and trust in the Group.

I would also like to express my gratitude to the management team and employees for their dedication, hard work and commitment to excellence. Their collective efforts have been instrumental in driving HIB's growth and performance. With their continued dedication, I am confident that the Group will achieve greater milestones and deliver sustainable success in the years ahead.

Ang Sui Aik, Benny
Group Managing Director

Hextar

OUR CORE VALUES

Humility

Excellence

X-Factor

Trustworthy

Adaptability

Responsibility

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Hextar Industries Berhad ("the Company" or "Hextar") recognises the importance of maintaining good corporate governance practices within Hextar and its subsidiary companies ("Hextar Group" or the "Group") as it is the Board's fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of Hextar Group, whilst taking into account the interest of all stakeholders. The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG" or the "Code") in implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Corporate Governance Overview Statement ("CG Statement") provides shareholders and investors with an overview of how Hextar Group has applied the 3 key Principles set out in the Code during the financial year ended 31 December 2024 ("FY2024"):

PRINCIPLE A : Board leadership and effectiveness	**PRINCIPLE B :** Effective audit and risk management	**PRINCIPLE C :** Integrity in corporate reporting and meaningful relationship with stakeholders

This CG Statement is complemented with a Corporate Governance Report ("CG Report") based on a prescribed format pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Securities. The CG Report is available on the Company's website www.hextarindustries.com as well as via announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

Roles and Responsibilities

The Board is committed to ensuring that the Company's purpose, values and high standards are set from the level of Chairman and all Non-Executive Directors, with the support of the executive management team, embedded throughout the Group. The Board is responsible for the effective leadership and long-term success of the Group.

In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Charter which outlines the roles and responsibilities of the Board. The Board also delegates certain responsibilities to the various Board Committees. The Board Charter was reviewed periodically and is available at the Company's website at www.hextarindustries.com.

The Board leads the Group and plays a strategic role for the oversight and overall management of the Company. The Board's key responsibilities include reviewing and approving strategic annual business plan and budget, overseeing the conduct of the Company's business, investment proposals, compliance and accountability systems, core values and corporate governance practices of the Group in ensuring that the Group operates with integrity and in compliance with the rules and regulations.

The Board has delegates certain responsibilities to the following Board Committees to assist in the execution of its duties and responsibilities within their respective Terms of Reference:

(i) Audit Committee ("AC");
(ii) Nomination and Remuneration Committee ("NRC"); and
(iii) Risk Management and Sustainability Committee ("RMSC").

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part I - Board Responsibilities *(cont'd)*

Roles and Responsibilities *(cont'd)*

Each Board Committee operates in accordance with its respective Terms of Reference as approved by the Board. These Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective Terms of Reference and report to the Board on their proceedings and deliberations together with their recommendations to the Board for approval. The Board Committees' Terms of Reference can be accessed via the Company's website at www.hextarindustries.com. Apart from the responsibilities of the Board Committees, the Group Managing Director ("GMD") and other Management members are also delegated certain authorities to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

Chairman and Group Managing Director

In line with good corporate practices, the roles of the Chairman and the GMD are clearly distinct. The Chairman provides leadership, effectiveness, conduct and governance of the Board while the GMD is responsible for the overall day-to-day business operations of the Group and oversees the implementation of strategies set by the Board.

The separation of these roles, held by different individuals, ensures a balance of power and authority, promoting accountability and preventing the concentration of decision-making power.

Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified and competent Company Secretaries, who are qualified to act as Company Secretaries under Section 235(2) of the Act and are also registered holders of the Practicing Certificate issued by the Companies Commission of Malaysia.

All Board members, both collectively and individually, have access to the advice and services of the Company Secretaries to assist in the effective performance of their duties. The Company Secretaries' role in facilitating compliance and ensuring the smooth functioning of the Board is critical to the Company's success.

The Company Secretaries provide advisory services, particularly on applicable governance best practices, corporate administration and Board practices and processes to facilitate overall compliance with the Listing Requirements, MCCG, the Act and other applicable laws and regulations.

The Company Secretaries assist the Board and Board Committees in fulfilling their duties effectively while adhering to established Board policies and procedures and best practices.

Overall, the Board is satisfied with the service and support rendered by the Company Secretaries and their team to the Board in the discharge of their duties and functions.

Meeting of Board and Board Committees

Agendas and discussion papers are circulated at least five (5) days prior to the Board and Board Committees meetings to allow the Directors and Board Committee Members to study, evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of the discussion papers for each meeting of the Board and Board Committee meetings as well as matters arising from such meetings. Actions or updates on all matters arising from any meetings are reported in the subsequent meetings.

Notices on the closed periods for trading in the Company's securities in accordance with Chapter 14 of the Listing Requirements of Bursa Securities are served to the Directors prior to the commencement of the closed periods.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part I - Board Responsibilities *(cont'd)*

Meeting of Board and Board Committeess *(cont'd)*

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of Directors' circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All Directors' circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting. The Board also perused the decisions deliberated by the Board Committees through minutes of these Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require the Board's direction.

When necessary, the Board may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Commitment to Integrity

Board Charter

The Company has formalised and adopted the Board Charter which sets out the functions, authority, roles and responsibilities of the Board as well as the various internal processes and principles governing the Board. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board Charter provides a clear outline of relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the GMD, and the Management. This is to ensure that all parties involved understand their respective roles and responsibilities, thus promoting effective decision-making, risk management and compliance.

The Board Charter would be reviewed as and when necessary to ensure that it remains aligned with the Board's objectives and responsibilities, as well as the latest compliance requirements resulting from changes in the Listing Requirements, MCCG and other regulatory framework which will ensure that the Board Charter remains relevant and up-to-date.

The Board Charter is available at the Company's website at www.hextarindustries.com.

Code of Conduct and Ethics

The Company has adopted the Code of Conduct and Ethics, which is applicable to all officers and employees of the Group to observe high standards of business and personal ethics in carrying out their duties and responsibilities. As employers and representatives of Hextar, or any of its subsidiaries, they must practice honesty and integrity in fulfilling their duties and responsibilities and comply with all applicable laws and regulations. It is thus the responsibility of all officers and employees to comply with the Code of Conduct and Ethics and to report violations or suspected violations thereto.

The Board will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The Code of Conduct and Ethics are accessible by the public through the Company's corporate website at www.hextarindustries.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part I - Board Responsibilities *(cont'd)*

Whistle-blowing Policy and Procedures

The Board has adopted a Whistle-blowing Policy and Procedures, with the aim to provide an avenue for raising concerns related to a possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The Whistle-blowing Policy and Procedures is a specific means by which an employee or the stakeholders can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.

Any employee or stakeholders who have reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Chairman of the AC in writing. Individuals can raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal and Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistle-blowing Policy and Procedures is accessible by the public through the Company's corporate website at www.hextarindustries.com.

Anti-Bribery and Corruption Policy ("ABC Policy")

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had on 1 June 2020, adopted the ABC Policy which set out the Group's responsibilities in providing principles, guidelines and recommendation to the employees on the procedures to deal with solicitation, bribery and corruption that could possibly arise on the business dealing and operation activities.

The Company had also conducted briefings and trainings to all the employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instil the spirit of integrity and avoid all forms of corruption practices within the organisation.

The ABC Policy is accessible by the public through the Company's corporate website at www.hextarindustries.com.

Directors' Fit and Proper Policy

In line with the Listing Requirements, the Board has adopted the Directors' Fit and Proper Policy which serves as a guide of the Company and its subsidiaries to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board as well as the retiring Directors who are seeking re-election at the Annual General Meeting ("AGM").

This policy serves to ensure that the person to be appointed or re-elected as a Director possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment, participation and contribution to the Board and the Company.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives and changes in the Listing Requirements and best practices.

The Directors' Fit and Proper Policy is available on the Company's website at www.hextarindustries.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part I - Board Responsibilities *(cont'd)*

Environmental, Social and Governance

Environmental, social and governance ("ESG") considerations are integral to the Company's strategy, planning and daily operations. We take responsibility for driving progress on ESG initiatives, and this annual report outlines the Company's efforts in this area for the financial year 2024.

The Board holds the primary responsibility for overseeing sustainability-related matters, including the development of strategies, setting priorities and establishing targets. Operational execution pertaining to economic, sustainability and social (ESS) factors, as part of the Group's corporate strategies, falls within the purview of the Management.

The Board believes that the balancing of ESG with the interest of stakeholders is essential to enhancing investor perception and public trust that works towards value enhancement for stakeholders in the long run. As a responsible corporate citizen, one would have an obligation in making the earth a better place to live in through responsible investing, besides weighing on an appropriate risk return profile for its investments.

With this HIB incorporated its principles of sustainability in its ESG policy. HIB's commitment towards environmental, social and corporate governance issues is strong and hands-on and is also an important step towards a more sustainable society in the long run.

Communication of Sustainability Strategies and Targets

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

Managing Sustainability Risks and Opportunities

We encourage the Board to attend training in relation to ESG topic in order to have a better understanding regarding to the ESG matter.

The Management reports to the RMSC at least twice a year. The risk registers together with the mitigation action taken to prevent the risk occurring was presented to the RMSC in order for them to have a clear understanding that the Company has truly take their initiative to mitigate any risk that would affect the operation of the Company.

The Board keeps fully abreast of latest regulations and guidance applicable to the business including current and emerging environment problems and develop robust practices around factoring environmental considerations into Board decision making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition

Composition of The Board and Board Committees

Despite the compact size of the Board, we are confident that it includes a sufficient number of experienced and independent-minded Directors to provide an effective check and balance. With four experienced Independent Directors, representing more than 50% of the Board, we are able to function independently from the Management. This structure ensures robust oversight, as well as objective and independent deliberation, review and decision making.

The Board presently comprised seven (7) members as follows: -

Names	Designation
Dato Sri Dr Chee Hong Leong *(Redesignated w.e.f 1 March 2025)*	Independent Non-Executive Chairman
Ang Sui Aik, Benny	Group Managing Director
Sham Weng Kong, Alex	Executive Director
Ong Tzu Chuen	Non-Independent Non-Executive Director
Oon Seow Ling	Independent Non-Executive Director
Shahjanaz Binti Datuk Kamaruddin	Independent Non-Executive Director
Liew Jee Min @ Chong Jee Min *(Appointed w.e.f 1 March 2025)*	Senior Independent Non-Executive Director

Brief profile of each Directors is detailed under Profile of Directors in this Annual Report.

The current Board consists of individuals of high calibre, experienced and are professionals in their respective fields. Together, this brings a wide range of industry specific knowledge, broad based business and commercial experience that are vital to the Board's success.

The present composition of the Board is in compliance with Paragraph 15.02 of the Listing Requirements and MCCG whereby at least 2 directors or 1/3 of the board of directors of the Company, whichever is the higher, are independent directors.

Meetings of Board and Board Committees

For the financial year ended 31 December 2024, the Board met seven (7) times to discuss issues on the Group's financial performance, significant investments, corporate development, strategy and business plan and other matters reserved for the decision by the Board. Presentations in relation to specific businesses areas are also made by key executives. This allows the Board to develop a good understanding on the Group's business, issues and challenges facing by the Group as well as promotes active engagement between the Board and the key executives of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition *(cont'd)*

Meetings of Board and Board Committees *(cont'd)*

Directors' commitment, resources and time allocated to the Company are evident from the attendance records, where the Directors attended all Board Meetings held during the financial year ended 31 December 2024. Details of attendance of Directors at the meetings held during the financial year are as follows:

Name of Directors	Meeting Attendance	Percentage of Attendance
Dato Sri Dr Chee Hong Leong	7/7	100%
Ang Sui Aik, Benny	6/7	85%
Sham Weng Kong, Alex	6/7	85%
Ong Tzu Chuen	6/7	85%
Oon Seow Ling	7/7	100%
Shahjanaz Binti Datuk Kamaruddin	5/6	83%
Dato' Chan Choun Sien (Resigned w.e.f 4 February 2025)	7/7	100%
Liew Jee Min @ Chong Jee Min *(Appointed w.e.f 1 March 2025)*	N/A	N/A

Board meetings for each financial year are scheduled before the end of the preceding financial year to ensure sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings. All Directors are provided with an agenda for each Board and Committee meeting prior to each meeting so that the Directors are accorded sufficient time to appraise the proposals or information. The Directors are provided with the Board papers which contain, among others, the Group's financial performance, management reports and proposals and various Board Committees' reports respectively prior to the Board meeting. The Board papers are issued in advance to facilitate informed decision making.

All proceedings of the Board meetings were recorded in the minutes. The minutes of Board meetings are circulated to all Directors for their perusal and comments. The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting. The signed minutes of each Board and Board Committees Meeting are properly kept by the Company Secretaries and the Company Secretaries are entrusted to organise and attend all Board Meetings to ensure proper records of the proceedings.

Evaluation of Board, Board Committees, and Individual Directors

The Board, through the NRC, conducts an annual review of the structure, composition, competencies and time commitment of the Board. This review also assess Board's role in overseeing the Company's sustainability governance and evaluate the independence of the Independent Directors.

The Board also undertakes an annual assessment of its effectiveness, the performance of Board Committees and the individual Directors through self and peer assessment. Based on the results of the assessment made, the overall results were generally positive.

The Board is satisfied with the performance of the individual Directors, the effectiveness of the Board and its Committees and independence of the Independent Directors. While the Board composition reflects an appropriate mix of skills, expertise, and experience, it remains committed to reviewing its size, considering the complexity of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition *(cont'd)*

Independence

The Board through the NRC undertakes the independent assessment of all its Independent Directors of the Company which was carried out as part of the board assessment annually. The NRC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. The Board is satisfied that none of the Independent Directors had any relationship that could materially interfere with or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interests of the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board meeting by attending all the Board and Board Committees meetings as shown in the details of attendance of Directors at the meetings held during the financial year.

On Going Professional Training

The Board recognises that Directors' training is an ongoing process essential to staying current with developments relevant to their roles. This ensures that Directors are equipped with the necessary skills and knowledge to address the challenges the Board faces. The responsibility of reviewing the training and development needs of the Directors is delegated to the NRC.

All Directors are offered continuous professional development and training opportunities to enhance and maintain their skills. Additionally, Directors are encouraged to pursue relevant training and refresher courses to uphold their ability to effectively fulfil their responsibilities to the Group.

Name of Director	Seminars/Forum/Conference/Training
Dato Sri Dr Chee Hong Leong	Mandatory Accreditation Programme Part II
Ang Sui Aik, Benny	Mandatory Accreditation Programme Part II
Sham Weng Kong, Alex	Mandatory Accreditation Programme Part II
Ong Tzu Chuen	E-invoice Training Workshop A Basic Introduction to Directorship by Inspiration Training Mandatory Accreditation Programme Part II
Oon Seow Ling	Mandatory Accreditation Programme Part II Pathway for Tax Agent License - A Comprehensive Guidance A Basic Introduction to Directorship by Inspiration Training e-Invoice Implementation: A Forum for Finance Leaders National Tax Conference 2024 The Tax Appeal Process Getting Prepared for Tax Agent Licence Interview- A Practical Guide Seminar Percukaian Kebangsaan 2024 (Belanjawan 2025) Business Tax Deductions: An Accountant's Perspective with Highlights of Malaysian Tax Cases (Inclusive of latest tax developments and updates on Budget 2025 and e-Invoicing)
Shahjanaz Binti Datuk Kamaruddin	Understanding the Regulatory Landscape and Cost of Doing Business ICDM PowerTalk Series| Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape Mandatory Accreditation Programme Part II ICDM LIP Alumni Networking Session

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition *(cont'd)*

Re-election of Directors

The NRC is responsible for recommending to the Board, Directors who are retiring and are standing for re-election at the AGM pursuant to and in accordance with the Constitution of Hextar. In accordance with Clause 103(1) of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third shall retire from office and be eligible for re-election at each AGM. All Directors are subjected to retirement by rotation at least once in every three (3) years.

Additionally, in accordance with Clause 110 of the Company's Constitution, the newly appointed Directors are subject to re-election at the next AGM after their appointment. Based on the office period of the Directors since their last election and upon recommendation of the NRC, the Board is proposing the re-election of Ms Ong Tzu Chuen and Mr Sham Weng Kong, who are due for retirement pursuant to Clause 103(1) of the Company's Constitution, being eligible has expressed their willingness to seek for re-election at the Thirteenth (13th) AGM.

Meanwhile, pursuant to Clause 110 of the Company' Constitution, Mr Liew Jee Min @ Chong Jee Min, who is subject to re-election at the forthcoming 13th AGM, and he has expressed his willingness to seek for re-election at the 13th AGM.

Tenure of Independent Directors

The NRC carries out the evaluation of independence for each Independent Director annually.

The NRC has undertaken a review and assessment of the level of independence of the Independent Directors during the financial year ended 31 December 2024 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board and Management of the Group at a Board Meeting during the year.

Currently, none of the four (4) existing Independent Non-Executive Directors of the Company has exceeded the tenure of a cumulative term of nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

Identification of New Candidates for Appointment of Directors

The Board believes that individuals who are nominated to be a Director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serve the interests of the shareholders.

The Board has entrusted the NRC with the responsibility to consider, review and recommend the appointment of potential candidates to the Board as proposed by Management or any Director, major shareholder taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity based on the 'Fit and Proper' Guidelines for key responsible persons as prescribed in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition *(cont'd)*

Identification of New Candidates for Appointment of Directors *(cont'd)*

The Board shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NRC. The NRC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Nomination and Remuneration Committee

The Board has established a NRC which comprised exclusively of Independent Non-Executive Directors ("INED"), with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by considering his skills and expertise for contribution to the Company on an ongoing basis.

The Terms of Reference of the NRC can be viewed at the Company's website at www.hextarindustries.com.

The present members of the NRC of the Company are:

Names	Designation
Liew Jee Min @ Chong Jee Min (Chairman) *(Appointed w.e.f 1 March 2025)*	Senior Independent Non-Executive Director
Oon Seow Ling (Member)	Independent Non-Executive Director
Shahjanaz Binti Datuk Kamaruddin (Member)	Independent Non-Executive Director

The functions of the NRC are summarised as follows:

(i) to undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the mix of skills, experience and competency required and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(ii) provide assistance to the Board in establishing the policy and the framework of the Directors' remuneration and the remuneration of certain senior management personnel, including the setting of their key performance indicators;

(iii) to consider succession planning for Directors and other senior executives in the course of its work, considering the challenges and opportunities facing by the Company, and the skills and expertise needed on the Board in the future and review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors and Principal Officers;

(iv) responsible for identifying and make the recommendation to the Board on new candidates for election/appointment to the Board or to fill board vacancies as and when they arise;

(v) to ensure that orientation and education programmes are provided for new members of the Board;

(vi) to recommend to the Board concerning the re-election/re-appointment of Director to the Board pursuant to the provisions in the Company's Constitution; and

(vii) to provide a report summarising its activities for the year in compliance with the MCCG, Listing Requirements and any relevant regulations. The report can be incorporated into the corporate governance statement in the annual report or included in as a separate report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part II - Board Composition *(cont'd)*

Nomination and Remuneration Committee *(cont'd)*

The summary of activities undertaken by the NRC during the financial year included the following:

(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and made an appropriate recommendation to the Board;
(ii) Reviewed and assessed the independence of INED;
(iii) Reviewed and recommended the retirement and re-election of Directors for shareholders' approval at the AGM in accordance with the Company's Constitution;
(iv) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors;
(v) Reviewed and recommended the payment of bonuses to the Executive Director, GMD and Key Senior Management;
(vi) Reviewed and recommended the revision of the remuneration of the Executive Director, GMD and Key Senior Management;
(vii) Reviewed and recommended the appointment of Ms Shahjanaz Binti Datuk Kamaruddin as Independent Non-Executive Director and member of the AC and NRC of the Company; and
(viii) Reviewed and recommended the restructuring of the composition of AC, NRC and RMSC.

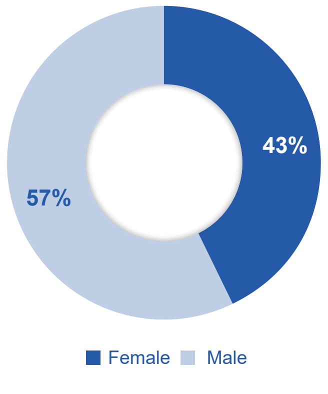
Board Diversity

The Board acknowledges the importance of boardroom diversity and takes cognisance of the recommendation of the MCCG to have female directors. The Board had established a Boardroom Diversity Policy of the Company, which is available on the corporate website www.hextarindustries.com.

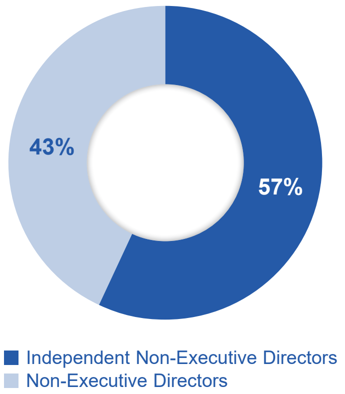
The Company has made efforts to enhance its Boardroom Diversity, as evidenced by the increase in female directors on the Board from one (1) female Director to three (3) female Directors on Board, representing 42.86% of the total Board members. The female Directors provide the Board with gender diversity that serves to bring value to the Board discussions from different perspectives and approaches as well as different leadership styles.

The Board's diversity at the end of the financial year under review was as follows:

GENDER



COMPOSITION OF THE DIRECTORS



Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part III - Remuneration

Remuneration Committee

The Remuneration Committee has merged with the Nomination Committee and renamed as Nomination and Remuneration Committee ("NRC") on 25 May 2023 to enhance the efficiency of the Board in discharging its duties and responsibilities.

The NRC is populated solely by INEDs to assist the Board for determining the Director's remuneration.

The Terms of Reference of the NRC can be viewed at the Company's website at www.hextarindustries.com.

The present members of the NRC are as follow:

Names	Designation
Liew Jee Min @ Chong Jee Min (Chairman) *(Appointed w.e.f 1 March 2025)*	Senior Independent Non-Executive Director
Oon Seow Ling (Member)	Independent Non-Executive Director
Shahjanaz Binti Datuk Kamaruddin (Member)	Independent Non-Executive Director

During the financial year ended 31 December 2024, the NRC had reviewed and recommended the payment of Directors' fees and other benefits payable to Directors.

Remuneration Policies and Procedures

The objective of the Company's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of the Executive Director, the components of the remuneration package are linked to individual and corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.

The NRC met once in financial year ended 31 December 2024 to consider the remuneration package for the Executive Director as well as Directors' fees and benefits payable for the Directors.

The Directors' fees and benefits are reviewed annually. The Executive Directors played no part in deciding their own remuneration and the respective Board members abstained from all discussion and decisions pertaining to their remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

Part III - Remuneration *(cont'd)*

Directors' Remuneration

Details of the Directors' remuneration received by the Directors (including benefits-in-kind) in respect of the financial year ended 31 December 2024 as follows:-

Directors	Fees RM	Salaries and * other emoluments RM	Total RM
Dato Sri Dr Chee Hong Leong	48,000	4,000	52,000
Ang Sui Aik, Benny	-	1,018,200	1,018,200
Sham Weng Kong, Alex	-	844,700	844,700
Ong Tzu Chuen	48,000	3,500	51,500
Oon Seow Ling	48,000	4,000	52,000
Shahjanaz Binti Datuk Kamaruddin	40,000	3,000	43,000
Liew Jee Min @ Chong Jee Min *(Appointed w.e.f 1 March 2025)*	N/A	N/A	N/A
Dato' Chan Choun Sien *(Resigned w.e.f 4 February 2025)*	60,000	4,000	64,000

Note:

* *Other emoluments include the meeting allowance for the Directors' attendance in Board and Board's committee Meetings.*

Remuneration of Senior Management

The total remuneration received by senior management of the Group including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000, in respect of the financial year ended 31 December 2024, is tabulated below:

Range of Remuneration	Name of Senior Management
Below RM50,000	-
RM50,001 – RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	-
RM200,001 – RM250,000	-
RM250,001 – RM300,000	-
RM300,001 – RM350,000	Martin Lee
Above RM350,001	Ke Tung Chen Lee Kok Ping, Sean Leong Hin Kieat Wong Kin Seng

The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit Committee

Chairperson of Audit Committee ("AC")

The AC is chaired by an Independent Director who is not the Chairman of the Board, therefore observed the recommendation of Practice 9.1 of MCCG which stipulates that the Chairperson of the AC shall not be the Chairman of the Board. The Chairperson of AC is a member of Malaysian Institute of Accountants.

Policy requiring former audit partner to observe 3-year cooling off period

None of the members of the Board were former audit partners. Therefore, no former audit partner is appointed to the AC. A former audit partner will be required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent and appropriate relationship with the Company's External Auditors. The Auditors will highlight to the AC and the Board on matters that require the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:

(i) the adequacy of the experience and resources of the External Auditors;

(ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;

(iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and

(iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are invited to attend the AGM of the Company to respond to any enquiry on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the AC will meet with the External Auditors without the presence of Executive Director and members of Management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the AC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the AC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by them. The External Auditors have also provided the required independence declaration to the AC and the Board for the financial year ended 31 December 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

Part I - Audit Committee *(cont'd)*

Assessment of Suitability and Independence of External Auditors *(cont'd)*

The AC is satisfied with the competence and independence of the External Auditors. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the AC's recommendation to seek shareholders' approval on the re-appointment of Messrs Ecovis Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 2025.

Composition of the AC

The AC comprised solely of INEDs. The present members of the AC are:

Names	Designation
Oon Seow Ling (Chairperson)	Independent Non-Executive Director
Liew Jee Min @ Chong Jee Min (Member) *(Appointed w.e.f 1 March 2025)*	Senior Independent Non-Executive Director
Shahjanaz Binti Datuk Kamaruddin (Member)	Independent Non-Executive Director

The terms of reference and summary of activities of the AC are set out in the Audit Committee Report of this Annual Report 2024.

Part II - Risk Management and Internal Control Framework

Effective Risk Management and Internal Control Framework

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approves and oversees the operation of the Group's Risk Management Framework, and assesses its effectiveness and reviews any major/ significant risk facing the Group. The risk framework also includes pertinent risk management policies and guidelines to provide structured guidance to personnel across the Group in addressing risk management. The risk appetite of the Group is articulated via the use of risk parameters in the framework, covering financial and non-financial metrics, to assess the likelihood or risks occurring and the impact thereof should the risks crystallise.

The RMSC oversees the risk management and sustainability framework of the Group, reviews the risk assessment and management policies formulated by Management regularly together with the Internal Auditors and makes relevant recommendations to Management to update the Group Risk Profile. The RMSC also discusses with the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation and makes relevant recommendations to the Board to manage residual risks.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The RMSC comprises the following three (3) members:

Name	Designation
Dato Sri Dr Chee Hong Leong (Chairman)	Independent Non-Executive Director
Liew Jee Min @ Chong Jee Min (Member) *(Appointed w.e.f 1 March 2025)*	Senior Independent Non-Executive Director
Sham Weng Kong, Alex (Member)	Executive Director

The information on the Group's internal control is further elaborated in the Statement on Risk Management and Internal Control set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

Part II - Risk Management and Internal Control Framework *(cont'd)*

Internal Audit Function

The Board has engaged a professional service provider to assume the Internal Audit Function of the Group. The Internal Auditors conduct regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews are reported to the AC directly by the Internal Auditors.

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

Part I - Communication with Stakeholders

Effective and Transparent and Regular Communication with Stakeholders

The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The communication channels used in the Company's engagement with stakeholders includes:

(a) Various disclosures and announcements to Bursa Securities including quarterly financial results.
(b) Press releases and announcements to Bursa Securities and media.
(c) The Company's Annual Report.
(d) Dialogues and presentations at general meetings to provide overview and clear rationale in relation to the proposals tabled for approval by shareholders.

The Board ensure that communications to the public regarding the Group are timely, factual, accurate and complete. The Company strives to provide a high level of transparency reporting in order to provide value for users.

Part II - Conduct of General Meetings

Conduct of General Meetings

The Company's General meetings serve as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group. Shareholders are encouraged to attend AGM and participate in the question-and-answer sessions on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution.

In 2024, the Company served notice of its Twelfth (12th) AGM held on 21 May 2024 of at least 21 days before the meeting, which is in accordance to the requirements under the Companies Act 2016. The Shareholders were provided with sufficient time to scrutinise the Annual Report 2024 and to make necessary arrangements to attend the meeting. The Company also distributed together with the Notice of AGM, information on administrative details such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy and information as who may act as a proxy, etc.

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 *(cont'd)*

Conduct of General Meetings *(cont'd)*

The 12th AGM held on 21 May 2024 was conducted virtually through live streaming and online remote voting via Remote Participation and Voting facilities. The forthcoming 13th AGM of the Company will be conducted physically to give shareholders and/ or proxies an opportunity to participate in the AGM effectively.

All Board members had ensured their attendance at the 12th AGM and the Chairmen of the respective Board Committees with Management attended to questions raised pertaining to their duties. The External Auditors also attended the 12th AGM and had provide information to the Management clarifications particularly relating to the financial statements.

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll. At the AGM of the Company held on 21 May 2024, all resolutions were decided by a poll and the votes received in respect of each resolution were notified to Bursa Securities on the same date as the meeting was held. The poll voting was conducted via electronic means and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meeting.

Minutes of General Meeting

Minutes of the General Meeting were posted on the Company's website within 30 business days from the date of the General Meeting.

COMPLIANCE STATEMENT

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has in all material aspects satisfactorily complied with the principles and practices set out in the MCCG, except for the departures set out in the CG Report.

The Corporate Governance Overview Statement was approved by Board of Directors on 10 April 2025.

AUDIT COMMITTEE REPORT

The Board of Directors of Hextar Industries Berhad ("HIB") is pleased to present the Audit Committee Report for financial year ended 31 December 2024 ("FY2024").

COMPOSITION AND ATTENDANCE

The composition of the Audit Committee ("AC") of HIB is presented in the table below. During the FY2024, the AC held five (5) meetings. The details of attendance of the AC members are set out below:

Name	Designation	Meeting Attendance
Oon Seow Ling	Chairperson	5/5
Shahjanaz Binti Datuk Kamaruddin (Appointed w.e.f 1 March 2024)	Member	4/4
Liew Jee Min @ Chong Jee Min (Appointed w.e.f 1 March 2025)	Member	N/A
Dato Sri Dr Chee Hong Leong (Resigned w.e.f 1 March 2025)	Member	5/5

The composition of the AC is in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") which prescribes that the AC must consist of at least three (3) members with the Chairperson and a majority of the members being Independent Non-Executive Directors.

The AC comprises qualified individuals having required skills and expertise to discharge the AC's functions and duties. The AC's literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements. The AC Chairperson is a member of the Malaysian Institute of Accountants which complies with Paragraph 15.09 (1)(c)(i) of the MMLR of Bursa Securities.

The AC meetings were conducted in accordance with the requisite quorum as stipulated in the Terms of Reference ("TOR") of the AC, which requires at least two (2) members, with the majority of members present must be Independent Non-Executive Directors. The authorised officers and representative of the external auditors may attend meetings at the invitation of the AC. Other Board members and the representatives of the external auditors shall also have the right of attendance upon the invitation of the AC, as and when necessary, to brief the AC on specific issues.

The External Auditors were invited to brief the AC on audit related matters during the financial year and provided a high-level review of the financial position of the Group. Time was also allocated for the External Auditors to have private discussions with the AC in the absence of the Management.

During FY2024, the AC met with the External Auditors twice and the meetings were held without the presence of Management. During FY2024, the Internal Auditors attended four (4) out of five (5) AC meetings held. The respective internal audit reports were presented together with their recommendations to the actions and steps taken by the Management in response to the audit findings.

Annually, the term of office and performance of the AC and each of its members are being assessed by the Nomination and Remuneration Committee. During FY2024, the Board was satisfied that the AC has discharged its function, duties and responsibilities in accordance with TOR of the AC, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards, practices and guidance.

AUDIT COMMITTEE REPORT
cont'd

COMPOSITION AND ATTENDANCE *(cont'd)*

The Company Secretaries act as the Secretary of the AC. The AC members are provided with the agenda and relevant committee papers before each meeting. Minutes of the AC meetings will be distributed to the Board for notation and the Chairperson of the AC shall report key issues discussed in the AC meetings to the Board.

TERMS OF REFERENCE

The information on the terms of reference of the AC which laid down its duties and responsibilities is available on the Company's website at www.hextarindustries.com.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2024

During the financial year ended 31 December 2024, the activities carried out by the AC in discharging its functions and duties included the deliberation and review of the following:-

i. The Group's quarterly and year-end financial results prior to submission to the Board for consideration and approval and release of the Group's quarterly and year-end financial results to Bursa Securities, focusing particularly on matters relating to changes in major accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements;

ii. The audit planning memorandum of the External Auditors in a meeting to discuss their audit strategy, audit focus and resources prior to commencement of their annual audit;

iii. Evaluated the performance of the External Auditors for the financial year ended 31 December 2024 covering areas such as calibre, quality processes, audit team, audit cope, audit communication, audit governance and independence as well as the audit fees of the External Auditors and considered and recommended the re-appointment of the External Auditors;

iv. The Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;

v. The Statement of Corporate Governance, Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;

vi. The adequacy of the scope and functions of the Internal Audit plan;

vii. The audit reports presented by the Internal Auditors on major findings, recommendations and Management's responses thereto;

viii. The results of follow-up audits conducted by the Internal Auditors on the Management's implementation of audit recommendations;

ix. The effectiveness of the Group's system of internal controls;

x. The proposed final audit fees for the External Auditors and Internal Auditors in respect of their audit of the Company and the Group;

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2024 *(cont'd)*

xi. Related party transactions as required under the MMLR to ascertain that the transactions are conducted at arm's length prior to submission for the Board's consideration and, where appropriate, shareholders' approval;

xii. Conflict of Interest situation or any potential conflict of interest arise, persist or may arise with the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and in relation thereto, the measure taken to resolve; and

xiii. The Company's compliance, in particular, the quarterly and year-end financial statements, with the MMLR, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements.

CONFLICT OF INTEREST

Pursuant to Paragraph 15.12 of the MMLR, the Audit Committee is responsible for reviewing the conflict of interest situation that arose, persist or may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflict.

During the financial year ended 31 December 2024, the AC had reviewed the Group's conflict of interest or potential conflict of interest on quarterly basis and they noted that there were no any conflict of interest or potential conflict of interest that arose, persist or may arise including any transaction, procedure or course of conduct that raises question of management integrity within the Group.

INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The Group's internal audit function which reports directly to the AC, is outsourced to a professional services firm namely ECO Asia Governance Advisory Sdn. Bhd., headed by Ms Janeeta Salim, Associate Member of the Institute of Internal Auditor (IIA) and a honours degree holder in Accountancy. She has vast experience and exposure in the Internal Audit field. The team consisting of one (1) Assistant Manager and five (5) Executives supported the implementation of assignments during the financial year ended 31 December 2024.

In addition, the Group has engaged Baker Tilly Monterio Heng Governance Sdn. Bhd. to review the sustainability reporting process. The engagement was led by Ms Heng Cheng Zin, Partner, who holds a Bachelor's Degree in Commerce from the University of Western Australia. She is a Certified Practicing Accountant Australia, is a Chartered Accountant with the Malaysian Institute of Accountants, a Chartered Member with the Institute of Internal Auditors Malaysia, and a Member of the ESG Association Malaysia. She was assisted by three (3) professional staff in the Internal Audit Function during the financial year ended 31 December 2024.

The Internal Audit firms appointed by the Company are independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies. The Internal Auditors provide the AC with an independent assessment on the adequacy and effectiveness of the Group's risk management and system of internal control.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTIONS AND ACTIVITIES *(cont'd)*

The Internal Auditors assist the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2024 was approximately RM77,500.00.

The functions of the outsourced Internal Auditors are to:

(i) Perform audit work in accordance with the pre-approved internal audit plan, which covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

(ii) Carry out reviews on the systems of internal control of the Group;

(iii) Review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and

(iv) Provide recommendations, if any, for the improvement of the internal control policies and procedures.

During the financial year ended 31 December 2024, the following were the activities carried out by the Internal Auditors in discharging its responsibilities on the audit planned for the year:

i. To review the Internal Audit Review of Sustainability Reporting Process of Hextar Industries Berhad;
ii. To review the Sales to Collection Management of Pacific Office (M) Sdn Bhd;
iii. To review the Information Technology General Control of Hextar Industries Berhad; and
iv. To review the Project Management Review of Hextar Mitai Sdn Bhd.

The AC and the Board are satisfied with the performance of the outsourced Internal Auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

For further details on the risk management and internal control, please refer to the Statement on Risk Management and Internal Control set out in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Hextar Industries Berhad ("HIB") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of Main Market Listing Requirement ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD'S RESPONSIBILITIES

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Group Managing Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Due to inherent limitations in any risk management and internal control system, such system put into effect by management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or errors.

The Board through its Risk Management and Sustainability Committee ("RMSC") has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board on a periodic basis.

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

The Board is of the view that the risk management and internal control system is in place for the period under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Key elements that have been established in the Group's risk management and internal control system are described below:

1. Risk Management System

Risk management is firmly embedded in the Group's management system as the Board firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholder value.

The RMSC with the assistance of the Group's management has facilitated the Board in implementing the process for identifying, evaluating, communicating, monitoring and continuous reviewing of risk encountered by the Group and the effectiveness of action plans developed for risk reduction purpose. The process is designed to adapt to the changes in regulatory requirement, business and external environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *(cont'd)*

1. Risk Management System *(cont'd)*

Key risks for respective business divisions are identified and proper control measures are in placed to minimize the impact of the risks to the Group. Risk register is maintained in assessing the level of risks identified and the appropriate strategies and actions are created to mitigate the risks identified to an acceptable low level. The risk register is updated from time to time in responsive to prevailing business operation.

During the financial year, the Group's management conducted a risk assessment and identified three key risks that could impact HIB Group. These risks include compliance risk related to e-invoicing, cyber threats and new business integration.

Compliance with e-invoicing regulations, which require the collection of customers' Tax Identification Numbers (TIN), was identified as a key risk due to the possibility of delayed customer responses. To mitigate the risk, the Finance and Sales teams diligently followed up with customers and all our customers have now responded. Furthermore, the IT department collaborated with the ERP system provider to implement the e-invoicing system and provide employee training to ensure full compliance with the regulations.

For cybersecurity risks, the Group has implemented cybersecurity training programs to enhance staff awareness. To further mitigate the risk of fraud, particularly in cases where scammers impersonate suppliers and attempt to divert payments to fraudulent accounts, the Purchasing Department is now required to directly verify new payment accounts with suppliers through phone calls. This additional step strengthens the security of financial transactions and helps prevent potential fraudulent activities.

In relation to the risk involving the integration of newly acquired businesses, the Group has engaged internal auditors to identify and rectify any gaps. Based on the auditor's findings, the Group is working closely with the new businesses to establish a comprehensive risk register to identify and manage the potential risks. Additionally, the Group is assisting the new business in developing an authority matrix to ensure alignment with HIB Group's financial policies and to maintain spending limits within appropriate thresholds.

2. Internal Control System

i) A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

ii) A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

iii) The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements and internal audit reports. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

iv) Internal policies and procedures had been established for key business units within the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *(cont'd)*

2. Internal Control System *(cont'd)*

v) The Internal Audit function reports directly to the Audit Committee. Findings are communicated to Management and the Audit Committee with recommendations for improvements and follow-up to confirm all agreed recommendations are implemented. The Internal Audit plan is reviewed and approved by the Audit Committee;

vi) Scheduled operational and management meetings are held internally from time to time to discuss and review the business plans, budgets, financial and operational performances of the Group. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group; and

vii) Provision of training and development to enhance the competitiveness and capability of our staff members.

3. Internal Audit Function

The Group's internal audit function is outsourced to an independent professional firm to assist the Board and Audit Committee in providing an independent assessment of the adequacy, efficiency, and effectiveness of the Group's internal control system.

During the financial year ended 31 December 2024, the Group's internal audit function was executed in accordance with the approved internal audit plan. The first review focused on the sales-to-collection management for Pacific Office (M) Sdn Bhd, ensuring sales transactions were accurately recorded, verifying compliance with approval process, pricing guidelines and payment terms. The second review assessed information technology general controls for Hextar Industries Berhad, ensuring the protection of data and information, restricting access to only assigned users with appropriate permissions, and proper management, maintenance, upgrades, and disposal of IT assets throughout their lifecycle. The third review evaluated project management practices for Hextar Mitai Sdn Bhd., focusing on the effectiveness of project management governance, adherence to project timelines and ensuring projects deliverables meet the required quality standards. Additionally, a fourth review was conducted on the sustainability reporting process for Hextar Industries Berhad, ensuring the accuracy, completeness, and transparency of sustainability-related data and disclosures, while assessing the alignment of reporting practices with global standards and the effectiveness of internal controls for environmental, social, and governance (ESG) performance.

The internal audit findings and recommended corrective actions were presented directly to the Audit Committee. The reviews identified certain weaknesses across the three companies, which were promptly communicated to management. Follow-up reviews were conducted to ensure that corrective actions have been implemented in a timely manner.

In FYE 2024, the Group had reviewed the related Standard Operating Policy and Procedures to address the issues highlighted in the internal audit.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 December 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

MANAGEMENT'S ASSURANCE

The Group Managing Director, representing the management, has given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

CONCLUSION

For the financial period under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

The audit fees and non-audit fees payable to the external auditors during the financial year ended 31 December 2024 ("FY2024") were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	158,000	554,000
Non-Audit Services Rendered	8,000	8,000
TOTAL	166,000	562,000

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

(a) Hextar Industries Berhad ("HIB" or "the Company") had on 29 August 2024, through its wholly-owned subsidiaries, Sin Chee Heng Sdn. Bhd. ("SCH") and its indirect wholly-owned subsidiary, PK Fertilizers Sdn. Bhd. ("PKF"), respectively entered into two conditional sale and purchase agreements ("SPAs") with Pacific Trustees Berhad ("Pacific Trustees"), being the trustee of KIP Real Estate Investment Trust ("KIP REIT") for the disposals of the following properties to KIP REIT for a total cash consideration of RM45.90 million:

(i) a parcel of land together with the buildings erected thereon held under Title No. HSM13156, PT 23677, located in the Mukim of Cheras, District of Ulu Langat, State of Selangor ("Cheras Property"); and

(ii) the remaining unexpired period of a lease created over a parcel of land together with the buildings erected thereon held under Title No. GRN 489953, Lot No. 66247, located in the Mukim of Plentong, District of Johor Bahru, State of Johor ("Pasir Gudang Property").

Simultaneously with the execution of the SPAs, SCH and PKF had respectively signed tenancy agreements in-escrow to rent back the properties from KIP REIT post-disposal.

Additionally, HIB, through its indirect wholly-owned subsidiary, Hextar Solutions Sdn. Bhd ("HSSB"), entered into a tenancy agreement in-escrow with Pacific Trustees for the rental of a parcel of land, together with the buildings erected thereon held under Title No. Lot 3122 Block 26, Kemena Land District, TRN 09-LCLS-032-026-03122, Locality of Jalan Kidurong, Division of Bintulu, State of Sarawak ("Bintulu Property"), from KIP REIT upon the terms and conditions agreed between them. The said tenancy will commence upon the completion of a proposed disposal of the Bintulu Property from the current landlord, Teju Logistics Sdn. Bhd. to Pacific Trustees, based on a conditional sale and purchase agreement dated 29 August 2024.

The proposed disposals and tenancies were subsequently approved by shareholders during an Extraordinary General Meeting (EGM) held on 24 January 2025.

The disposal of Cheras Property had been completed on 26 February 2025 and the tenancy agreement that were signed in-escrow between SCH and Pacific Trustees has been dated and effective on 26 February 2025.

As of the date of this report, the disposal of Pasir Gudang Property and tenancy arrangement of Bintulu Property are pending fulfilment of the Condition Precedent outlined in the Sales and Purchase Agreement dated 29 August 2024.

(b) On 29 November 2024, Global Aroma Sdn. Bhd., a wholly-owned subsidiary of HIB, has entered into a Master Development and Operating Agreement with Luckin Coffee Holding Singapore Pte. Ltd.. The agreement grants Global Aroma the rights to develop, open, and operate coffee shops under the 'Luckin Coffee' brand in Malaysia.

ADDITIONAL COMPLIANCE INFORMATION
cont'd

3. MATERIAL CONTRACTS RELATING TO LOANS

During FY2024, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The Recurrent Related Party Transactions of a Revenue or Trading Nature incurred during FY2024 are set out as below:-

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial year ended 31 December 2024 (RM)
Hextar Premier Sdn. Bhd.	Factory rental	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	676,800
Teju Logistics Sdn. Bhd.	Hiring of lorry	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	287,196
Rubberex Alliance Sdn. Bhd.	Maintenance of forklifts	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	7,296
Rubberex (M) Sdn. Bhd.	Maintenance of forklifts	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	21,044
Hextar Chemicals Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	94,200
Hextar KCS Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	23,725
Hextar Asset Management Sdn. Bhd.	Management fees Administrative expenses Storage charges	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	1,897,273
Amalan Prestasi Sdn. Bhd.	Rental of factory	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	3,053,280
Ong Tzu Chuen	Office rental	Dato' Ong Choo Meng Dato' Ong Soon Ho	76,800
Hextar Chemicals Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	1,190,061

ADDITIONAL COMPLIANCE INFORMATION
cont'd

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") *(cont'd)*

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial year ended 31 December 2024 (RM)
Teju Logistics Sdn. Bhd.	Warehouse rental	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	2,268,000
Halex (M) Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	36,430
Evergreen Agricultural Services Sdn. Bhd.	Storage charges	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	2,799,884
Complete Logistic Specialists Sdn. Bhd.	Transportation charges	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	406,026
PHG Wholesale & Retail Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	882,708
Hextar Holdings Sdn. Bhd. Group of Companies	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	105,542
Hextar Oiltech Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	182,116
TK Equipment Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	85,000
TK Equipment Sdn. Bhd.	Workshop rental	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	56,700
Hextar Oil and Gas Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	62,480
Hextar Industrial Chemicals Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	47,880

ADDITIONAL COMPLIANCE INFORMATION
cont'd

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") *(cont'd)*

Name of Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Aggregate value made during the financial year ended 31 December 2024 (RM)
Tufbond Technologies Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	920
Halex (M) Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	8,400
Reszon Diagnostics International Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	5,445
Lim Ket Leng Marketing Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	26,026
Chempro Technology (M) Sdn. Bhd.	Transportation charges	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	506
Chempro Technology (M) Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	187
Hextar R&D International Sdn. Bhd.	Purchase	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho HHSB	8,520
Hexlube Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	1,210
Hextar Technologies Solutions Berhad	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	1,039
Borderless Connection Sdn. Bhd.	Sales	Dato' Ong Choo Meng Ong Tzu Chuen Dato' Ong Soon Ho	1,256

Besides, the Company is seeking approval from the shareholders for the proposed new and renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at the forthcoming Annual General Meeting to be convened on Thursday, 22 May 2025 at 10:00 a.m.. The details as enclosed in the circular dated 23 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. UTILISATION PROCEEDS FROM CORPORATE EXERCISE

On 29 August 2024, HIB through SCH, a wholly-owned subsidiary of HIB, and PKF, an indirect wholly-owned subsidiary of HIB, respectively entered into two conditional SPAs with Pacific Trustees, being the trustee of KIP REIT for the disposals of the Cheras Property and Pasir Gudang Property to KIP REIT for a total cash consideration of RM45.90 million.

Simultaneously with the execution of the SPAs, SCH and PKF had respectively signed the Properties Tenancy Agreements in-escrow with Pacific Trustees for rental of the Properties from KIP REIT upon the terms and covenants contained therein. The said tenancies will commence upon the completion of the Proposed Disposals.

Additionally, HSSB, an indirect wholly-owned subsidiary of HIB, entered into a tenancy agreement in-escrow with Pacific Trustees for the rental of Bintulu Property from KIP REIT upon the terms and covenants contained therein. The said tenancy will commence upon the completion of a proposed disposal from the current landlord, Teju Logistics Sdn. Bhd. to Pacific Trustees, based on a conditional sale and purchase agreement dated 29 August 2024.

The above proposals were approved by shareholders at the Extraordinary General Meeting on 24 January 2025.

The disposal of the Cheras Property was completed on 26 February 2025 and the tenancy agreement, which had been signed in-escrow between SCH and Pacific Trustees, was dated and became effective on the same day. However, as of the date of this report, the proceeds from the property disposal are being held as stakeholder's sum by the solicitor, subjected to the fulfillment of the Condition Precedent outlined in the Sales and Purchase Agreement dated 29 August 2024.

As at the date of this report, the disposal of Pasir Gudang Property and tenancy arrangement for the Bintulu Property are pending the fulfilment of the Conditions Precedent outlined in the Sale and Purchase Agreement dated 29 August 2024.

The Company intends to allocate the total proceeds of RM45.90 million raised from the disposal in the following manner:

Details of utilisation	Proposed Utilisation (RM'000)	Estimated timeframe for utilisation
Working capital	45,200	Within 24 months
Estimated expenses for the Proposals	700	Upon completion
TOTAL	**45,900**	

DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

In accordance to the Companies Act 2016, the Directors are obliged to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The primary aim of the Directors is to present a balanced and understandable assessment of the Group's position and prospects through its annual financial statements and quarterly financial results to its shareholders. In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors before their release to Bursa Malaysia Securities Berhad.

The Directors of the Company are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for that period.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records and other records which are closed with reasonable accuracy at any time the financial position of the Group and the Company.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2024, the Group had used appropriate accounting policies and applied them consistently, prudently and reasonably. The Directors also ensure that all applicable approved accounting standards are adhered to in the preparation of the financial statements.

In addition, the Directors are responsible for taking reasonable steps to safeguard the assets of the Company and the Group, to detect and prevent fraud and other irregularities.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	28,273	(13,343)
Attributable to:		
owners of the Company	27,518	(13,343)
non-controlling interests	755	-
	28,273	(13,343)

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company declared a second interim single-tier dividend of RM0.01 per ordinary share totalling RM27,473,416 in respect of the financial year ended 31 December 2023 on 22 February 2024. The dividend was subsequently paid on 15 March 2024.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares and debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT
cont'd

DIRECTORS

The Directors who held in the office during the financial year until the date of this report are:

Ang Sui Aik *	
Dato Sri Dr Chee Hong Leong	
Ong Tzu Chuen	
Sham Weng Kong *	
Oon Seow Ling	
Shahjanaz binti Datuk Kamaruddin	(Appointed on 1 March 2024)
Liew Jee Min @ Chong Jee Min	(Appointed on 1 March 2025)
Dato' Chan Choun Sien	(Resigned on 4 February 2025)

* *Director of the Company and certain subsidiaries*

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of the subsidiaries (other than those named above) in office during the financial year until the date of this report:

Leong Hin Kieat	
Teh Li King	
Ong Soon Hooi	
Ooi Youk Lan	
Wong Kin Seng	
Chew Siau Fong	
Ke Tung Chen	
Lim Chee Lip	(Appointed on 15 July 2024)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholding required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company or its subsidiaries during the financial year are as follows:

	Number of ordinary shares in the Company			
	At 1.1.2024	**Acquired**	**Disposed**	**At 31.12.2024**
Direct interest				
Ang Sui Aik	100,000	-	-	100,000
Sham Weng Kong	1,000,000	800,000	-	1,800,000

By virtue of their interests in the shares of the Company, the above Directors are also deemed interested in the shares of all the subsidiaries companies during the financial year to the extent that the Company has interest.

Other than as disclosed above, there is no other Directors who are in office at the end of the financial year held any interest in the shares of the Company.

DIRECTORS' REPORT
cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with the Company in ordinary course of business as disclosed in Note 35(c) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was 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

Directors' remuneration paid to or receivable by Directors from the Company and subsidiaries of the Company in respect of the financial year is as follows:

	Group RM'000	Company RM'000
Director fees	244	244
Director remuneration	3,478	-
Other remuneration and benefits	346	26
	4,068	270

The estimated monetary value of Director's benefit-in-kind is RM45,400 (2023: RM45,400).

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM5,000,000 and RM9,500 respectively.

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year end.

DIRECTORS' REPORT
cont'd

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the accounting records in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

   (iii) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading; and

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

   (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

   (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;

   (iii) 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 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' REPORT
cont'd

HOLDING COMPANY

The Directors regard Hextar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia as the holding company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS

The details of the significant events during and subsequent to the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the financial year is RM562,000 and RM166,000 for the Group and the Company respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors on 10 April 2025,

Ang Sui Aik
Director

Sham Weng Kong
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **Ang Sui Aik** and **Sham Weng Kong**, being two of the Directors of **Hextar Industries Berhad**, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 125 to 211 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors on 10 April 2025,

Ang Sui Aik
Director

Sham Weng Kong
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, **Lee Kok Ping**, being the officer primarily responsible for the financial management of **Hextar Industries Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 125 to 211 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 10 April 2025)

Lee Kok Ping (44986)

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Hextar Industries Berhad** ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit and 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 material accounting policy information, as set out on pages 125 to 211.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors 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 INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key Audit Matters *(cont'd)*

Key audit matters	*How our audit addressed the key audit matters*
Group	
Annual impairment assessment for goodwill	
Refer to Note 7 to the financial statements.	
The Group is required to perform annual impairment test of cash generating unit ("CGU") to which goodwill has been allocated. The Group estimated the recoverable amount of its CGU to which goodwill is allocated based on value in use ("VIU") of the CGU. Estimating the VIU of the CGU involves estimating the future cash inflows and outflows that will derived from CGU, and discounting them at an appropriate rate. We considered this to be an area of focus as the determination of VIU of the CGU involved significant management judgements, estimates and assumptions in arriving the underlying cash flow forecast, particularly on the discount rate applied and revenue's growth rate. These judgements, estimates and assumptions are inherently uncertain.	Our audit procedures included, among others, the following: ● obtained an understanding of the methodology adopted by the management in estimating the fair values of the identifiable assets and liabilities; ● discussed with management the key assumptions used in the cash flows forecast; ● assessed and discussed with management on the reasonableness of the discount rate and growth rate; ● analysed the sensitivity of key assumption by assessing the impact of changes to key assumption to recoverable amount of CGU; ● engaged our valuation specialist to re-compute the discount rate and compared with the discount rate used in the cash flow forecast; and ● determine the adequacy of the disclosures in the financial statements.
Valuation of inventories	
Refer to Note 9 to the financial statements.	
As at 31 December 2024, the Group's inventories amounted to RM192,880,556, representing 23.77% of total assets of the Group. The Group's inventories are measured at the lower of cost or net realisable value. Valuation of inventories is a key audit matter due to the demand and ability of the Group to sell the inventories in the future may be adversely affected by changes in market demand. There is judgement involved in assessing the level of inventory provision required in respect of slow-moving inventories.	Our audit procedures included, among others, the following: ● obtained an understanding on how the Group identified and assessed slow-moving or obsolete inventories; ● obtained the stock movement and aging report to evaluate the reasonableness of management's identification of slow moving and aged inventory items; ● attending year end physical inventory count to observe physical existence and condition of raw material and finished goods; and ● evaluated the net realisable value of selected inventory samples by comparing their carrying amounts to actual sales during and subsequent to the financial year, as appropriate, and assessed whether appropriate write downs were made by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key Audit Matters *(cont'd)*

Key audit matters	*How our audit addressed the key audit matters*
Group *(cont'd)*	
Recoverability of trade receivables	
Refer to Note 8 to the financial statements.	
As at 31 December 2024, the Group's trade receivables amounted to RM205,501,314, representing 25.33% of the Group's total assets. The assessment of the recoverability of trade receivables involved significant judgement, particularly in evaluating the credit risk of customers, assessing the probability of default, and incorporating forward-looking information. Given the magnitude of the balance and the level of judgement involved, we considered this area to be a key audit matter.	Our audit procedures included, among others, the following: • reviewed the ageing analysis of trade receivables and tested the accuracy of the ageing data; • assessed the probability of default by evaluating historical loss rates and considering forward-looking information applied by the Group; • reviewed subsequent collections from selected overdue trade receivables; and • evaluated the reasonableness and adequacy of the impairment allowances recognised by management.
Company	
Impairment assessment of investment in subsidiary companies	
Refer to Note 6 to the financial statements.	
As at 31 December 2024, the Company's investment in subsidiary companies amounted to RM593,260,469, representing 88.69% of the Company's total assets. We considered the impairment assessment of investment in subsidiary companies an area of audit focus due to the significance of the balance and the judgement involved in determining the recoverable amounts. This assessment requires management to make significant estimates and assumptions regarding the future financial performance of the subsidiaries, including cash flow projections, growth rates and discount rates. These assumptions are inherently subjective and could have a material impact on the recoverable amounts determined.	Our audit procedures included, among others, the following: • obtained an understanding of the methodology adopted by the management in determining the recoverable amounts of the investment in subsidiary companies; • discussed with management the key assumptions used in the cash flow forecasts; • assessed and discussed with management on the reasonableness of the discount rate and growth rate; • analysed the sensitivity of key assumption by assessing the impact of changes to key assumption to recoverable amount of CGU; • engaged our valuation specialist to re-compute the discount rate and compared with the discount rate used in the cash flow forecast; and • assessed the adequacy of related disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

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, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after the date of auditors' report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate action in accordance with approved standards on auditing in Malaysia and ISAs.

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 and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole that 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Auditors' Responsibilities for the Audit of the Financial Statements *(cont'd)*

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

(a) 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.

(b) 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 and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and the Company to cease to continue as a going concern.

(e) 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 gives a true and fair view.

(f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 safeguard 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 INDUSTRIES BERHAD
(Registration No. 201101044580 (972700-P)) (Incorporated in Malaysia)
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 6 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.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

YONG HUI NEE
03283/09/2026 J
Chartered Accountant

Kuala Lumpur
10 April 2025

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	5	214,520	206,389	-	-
Investment in subsidiary companies	6	-	-	593,260	596,382
Intangible assets	7	10,566	8,374	-	-
Trade receivables	8	532	393	-	-
		225,618	215,156	593,260	596,382
Current assets					
Inventories	9	192,881	186,775	-	-
Trade receivables	8	204,969	199,504	-	-
Other receivables	10	33,506	17,393	8	9
Contract assets	11	21,863	9,998	-	-
Amount due from subsidiary companies	12	-	-	67,730	64,750
Amount due from related companies	13	24	340	-	-
Amount due from related parties	14	11	9	-	-
Derivative assets	15	328	-	-	-
Tax recoverable		-	199	-	30
Other investment	16	-	12,138	-	-
Fixed deposits with financial institutions	17	480	538	-	-
Cash and bank balances		131,595	107,754	7,915	56,715
		585,657	534,648	75,653	121,504
Total assets		811,275	749,804	668,913	717,886

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024
cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Equity					
Share capital	18	671,443	671,443	671,443	671,443
Merger deficit	19	(559,301)	(559,301)	-	-
Revaluation reserve	20	40,829	35,322	-	-
Retained earnings		191,356	190,149	(13,054)	27,762
Total equity attributable to shareholders of the Company		344,327	337,613	658,389	699,205
Non-controlling interest		2,783	2,028	-	-
Total equity		347,110	339,641	658,389	699,205
Non-current liabilities					
Lease liabilities	21	48,901	45,948	-	-
Hire purchase payables	22	1,462	2,273	-	-
Bank borrowings	23	33,133	40,876	-	-
Provision for restoration costs	24	49	-	-	-
Deferred tax liabilities	25	27,827	25,706	-	-
		111,372	114,803	-	-
Current liabilities					
Trade payables	26	103,822	64,538	-	-
Other payables	27	40,670	37,447	2,224	3,681
Contract liabilities	11	2,388	1,397	-	-
Amount due to subsidiary companies	12	-	-	8,300	-
Amount due to related companies	13	852	32	-	-
Amount due to related parties	14	-	23	-	-
Derivative liabilities	15	-	68	-	-
Lease liabilities	21	6,462	4,195	-	-
Hire purchase payables	22	963	1,277		
Bank borrowings	23	189,828	175,446	-	15,000
Tax payable		7,808	10,937	-	-
		352,793	295,360	10,524	18,681
Total liabilities		464,165	410,163	10,524	18,681
Total equity and liabilities		811,275	749,804	668,913	717,886

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 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	28	965,500	936,986	18,480	56,350
Cost of sales		(828,692)	(780,807)	-	-
Gross profit		136,808	156,179	18,480	56,350
Other income		5,874	6,338	344	306
Net impairment (loss)/gain on financial assets		(2,891)	756	-	-
Administrative expenses		(46,983)	(38,474)	(2,215)	(1,762)
Selling and distribution expenses		(37,611)	(34,977)	-	-
Other operating expenses		(132)	(16,465)	(28,842)	-
Profit/(loss) from operations		55,065	73,357	(12,233)	54,894
Finance costs	29	(15,724)	(16,175)	(1,042)	(198)
Profit/(loss) before tax	30	39,341	57,182	(13,275)	54,696
Taxation	32	(11,068)	(15,104)	(68)	(62)
Profit/(loss) for the financial year		28,273	42,078	(13,343)	54,634

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial year		28,273	42,078	(13,343)	54,634
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
- Net impact on revaluation on property, plant and equipment		6,669	-	-	-
Total comprehensive income/(loss)for the financial year		34,942	42,078	(13,343)	54,634
Profit/(loss) for the financial year attributable to:					
Owners of the Company		27,518	41,906	(13,343)	54,634
Non-controlling interests		755	172	-	-
Net profit/(loss) for the financial year		28,273	42,078	(13,343)	54,634
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		34,187	41,906	(13,343)	54,634
Non-controlling interests		755	172	-	-
Total comprehensive income/(loss) for the financial year		34,942	42,078	(13,343)	54,634
Earnings per share attributable to owners of the Company:					
Basic (Sen)	34	1.00	1.53		
Diluted (Sen)	34	1.00	1.53		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Merger deficit RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 January 2024		671,443	(559,301)	35,322	190,149	337,613	2,028	339,641
Profit for the financial year		-	-	-	27,518	27,518	755	28,273
Other comprehensive income for the financial year								
- net impact on revaluation of property, plant and equipment		-	-	6,669	-	6,669	-	6,669
Total comprehensive income for the financial year		-	-	6,669	27,518	34,187	755	34,942
Realisation of revaluation reserve		-	-	(985)	985	-	-	-
Net impact on disposal of revalued properties		-	-	(177)	177	-	-	-
Dividends	33	-	-	-	(27,473)	(27,473)	-	(27,473)
At 31 December 2024		671,443	(559,301)	40,829	191,356	344,327	2,783	347,110

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

cont'd

		← Attributable to owners of the Company →						
		← Non-distributable →			Distributable			
	Note	Share capital RM'000	Merger deficit RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 January 2023		671,443	(559,301)	36,261	202,251	350,654	-	350,654
Profit for the financial year		-	-	-	41,906	41,906	172	42,078
Realisation of revaluation reserve		-	-	(939)	939	-	-	-
Effect arising from the acquisition of a subsidiary		-	-	-	-	-	1,856	1,856
Dividends	33	-	-	-	(54,947)	(54,947)	-	(54,947)
At 31 December 2023		671,443	(559,301)	35,322	190,149	337,613	2,028	339,641

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
cont'd

	Note	Non-Distributable Share capital RM'000	Distributable Retained earning/ (Accumulated losses) RM'000	Total equity RM'000
Company				
At 1 January 2023		671,443	28,075	699,518
Profit for the financial year, representing total comprehensive income for the financial year		-	54,634	54,634
Dividends	33	-	(54,947)	(54,947)
At 31 December 2023/1 January 2024		671,443	27,762	699,205
Loss for the financial year, representing total comprehensive loss for the financial year		-	(13,343)	(13,343)
Dividends	33	-	(27,473)	(27,473)
At 31 December 2024		671,443	(13,054)	658,389

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities					
Profit/(loss) before tax		39,341	57,182	(13,275)	54,696
Adjustment for:					
Amortisation of intangible asset	7	48	9	-	-
Bad debts written off		17	183	-	-
Depreciation of property, plant and equipment	5	17,120	17,369	-	-
Deposit written off		6	4	-	-
Dividend income		-	-	(18,480)	(56,350)
Impairment loss on investment in subsidiary companies	6	-	-	28,842	-
Impairment loss on other investment	16	3,144	356	-	-
Net impairment gain on trade receivables	8	(253)	(1,112)	-	-
Interest expenses	29	15,724	16,175	1,042	198
Inventories written down, net		459	579	-	-
Inventories written off		166	5,555	-	-
Impairment loss on goodwill	7	-	14,369	-	-
Property, plant and equipment written off	5	13	421	-	-
Gain on disposal of property, plant and equipment and assets held for sale		(474)	(642)	-	-
Gain on lease cessation and remeasurement		(32)	(1,051)	-	-
Gain on struck off of subsidiaries		(69)	-	-	-
Unrealised (gain)/loss on foreign exchange, net		(542)	1,108	-	-
Finance income		(1,775)	(1,044)	(344)	(266)
Operating profit/(loss) before working capital changes		72,893	109,461	(2,215)	(1,722)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities *(cont'd)*					
Change in working capital:					
Inventories		(6,376)	92,895	-	-
Trade receivables		(5,125)	66,724	-	-
Other receivables		(16,119)	3,967	1	(4)
Contract assets		(11,865)	(4,638)	-	-
Amount due from related companies		316	(340)	-	-
Amount due from related parties		(2)	(9)	-	-
Trade payables		39,305	(46,874)	-	-
Other payables		3,223	(9,110)	(1,457)	(364)
Contract liabilities		991	362	-	-
Amount due to related companies		820	32	-	-
Amount due to related parties		(23)	23	-	-
		5,145	103,032	(1,456)	(368)
Cash generated from/ (used in) operations		78,038	212,493	(3,671)	(2,090)
Interest received		1,126	902	344	266
Interest paid		(8,529)	(9,166)	(1,042)	(198)
Tax refunded		915	996	-	10
Tax paid		(14,898)	(11,916)	(38)	(66)
		(21,386)	(19,184)	(736)	12
Net cash generated from/ (used in) operating activities		56,652	193,309	(4,407)	(2,078)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flow from investing activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		-	(13,225)	-	-
Acquisition of shares in a subsidiary		-	-	(25,720)	(17,550)
Acquisition of trademark		(2,240)	-	-	-
(Repayment from)/ Advances to subsidiaries, net		-	-	(11,780)	32,950
Dividend received		-	-	18,480	56,350
Proceeds from struck off of subsidiaries		69	-	-	-
Purchase of property, plant and equipment	5(c)	(8,734)	(7,136)	-	-
Proceeds from disposal of property, plant and equipment and assets held for sale		2,474	1,340	-	-
Uplift/(placement) of other investment		9,473	(12,494)	-	-
Uplift of pledged fixed deposits with financial institutions		-	23	-	-
Net cash generated from/ (used in) investing activities		1,042	(31,492)	(19,020)	71,750

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Cash flow from financing activities					
Dividend paid		(27,473)	(54,947)	(27,473)	(54,947)
Interest paid		(7,195)	(7,009)	-	-
Net advances from/ (Repayment to) subsidiaries		-	-	17,100	(100)
Net repayment to related companies		-	(17)	-	-
Net repayment to holding company		-	(500)	-	-
Net repayment to director of a subsidiary company		-	(3,330)	-	-
Net movement of bills payables		38,372	(62,830)	-	-
Net movement of revolving credit		(22,500)	14,200	(15,000)	15,000
Repayment of lease liabilities		(4,672)	(5,048)	-	-
Repayment of hire purchase		(1,262)	(1,156)		
Repayment of term loans		(7,699)	(7,306)	-	-
Net cash used in financing activities	(a)	(32,429)	(127,943)	(25,373)	(40,047)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
cont'd

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents		25,265	33,874	(48,800)	29,625
Cash and cash equivalents at beginning of the financial year		106,330	72,456	56,715	27,090
Cash and cash equivalents at end of the financial year		131,595	106,330	7,915	56,715
Cash and cash equivalents at the end of the finanical year comprises:					
Fixed deposits with financial institutions		480	538	-	-
Cash and bank balances		131,595	107,754	7,915	56,715
Bank overdraft		-	(1,500)	-	-
		132,075	106,792	7,915	56,715
Less: Restricted fixed deposits with financial institutions	17	(480)	(462)	-	-
		131,595	106,330	7,915	56,715

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

cont'd

(a) Changes in liabilities arising from financing activities

	At 1 January 2024	Acquisition of new lease	Unrealised foreign exchange impact	Net cash flow	Lease cessation and remeasurement	At 31 December 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Lease liabilities	50,143	26,952	-	(4,672)	(17,060)	55,363
Hire purchase payables	3,550	137	-	(1,262)	-	2,425
Bills payable	139,081	-	(34)	38,372	-	177,419
Revolving credits	27,000	-	-	(22,500)	-	4,500
Term loans	48,741	-	-	(7,699)	-	41,042
	268,515	27,089	(34)	2,239	(17,060)	280,749

	At 1 January 2023	Acquisition of subsidiaries	Acquisition of new lease	Net cash flow	Lease cessation and remeasurement	At 31 December 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	74,515	470	731	(5,048)	(20,525)	50,143
Hire purchase payables	3,853	253	600	(1,156)	-	3,550
Bills payable	199,449	2,462	-	(62,830)	-	139,081
Revolving credits	12,800	-	-	14,200	-	27,000
Term loans	55,114	933	-	(7,306)	-	48,741
	345,731	4,118	1,331	(62,140)	(20,525)	268,515

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
cont'd

(a) Changes in liabilities arising from financing activities *(cont'd)*

	At 1 January RM'000	Dividends RM'000	Net cash flow RM'000	At 31 December RM'000
Company				
2024				
Amount due to subsidiaries	-	(8,800)	17,100	8,300
Revolving credits	15,000	-	(15,000)	-
	15,000	(8,800)	2,100	8,300
2023				
Amount due to subsidiaries	100	-	(100)	-
Revolving credits	-	-	15,000	15,000
	100	-	14,900	15,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and was subsequently transferred to the Main Market of Bursa Securities on 28 June 2024.

The principal place of business of the Company is located at No.63 & 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor.

The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Midvalley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

The Directors regard Hextar Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia as the holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 April 2025.

2. BASIS OF PREPARATION

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM'000 except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(a) Adoption of standards and amendments to published standards during the current financial year

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following standards and amendments to published standards:

MFRS (Including the Consequential Amendments)	Effective Date
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Supplier Finance Arrangement (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures	1 January 2024

The adoption of the above amendments to MFRSs did not result in significant changes in the accounting policies of the Group and the Company and has no significant effect on the financial performance or position of the Group and the Company for the current financial year.

(b) New and amended standards and interpretations issued but not yet effective

The following are standards, amendments to published standards and IC interpretations issued by Malaysian Accounting Standard Board (MASB), but not yet effective. The Group and the Company intend to adopt these standards, amendments to published standards and IC interpretations, if applicable, when they become effective in the following annual periods:

MFRS (Including the Consequential Amendments)	Effective Date
Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)	1 January 2026
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidation Financial Statements and MFRS 128 Investments in Associates and Joint Ventures	Deferred

2. BASIS OF PREPARATION *(cont'd)*

(b) New and amended standards and interpretations issued but not yet effective *(cont'd)*

The new MFRSs and Amendments to MFRSs above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of these Amendments to MFRSs as discussed below:

<u>MFRS 18 Presentation and Disclosure in Financial Statement</u>

MFRS 18 will replace MFRS 101 Presentation of Financial Statements. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flows and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

MFRS 18 additional requirements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotal which are be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

(ii) Statement of Cash Flows

The standard modified the starting point for calculating cash flows from operations using the indirect method, shifting from 'profit or loss' to 'operating profit or loss'. It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New disclosures of expenses by nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (MPMs)

The standard requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

2. BASIS OF PREPARATION *(cont'd)*

(b) New and amended standards and interpretations issued but not yet effective *(cont'd)*

MFRS 18 Presentation and Disclosure in Financial Statement *(cont'd)*

The Group and the Company is current assessing the impact of initial application of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Group and the Company apply the material accounting policy information set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Business combination

Acquisition of subsidiaries are accounted for using the acquisition method other than those acquisition of subsidiaries accounted for using merger accounting principles which is outside the scope MFRS 3. The merger accounting is used by the Group to account for business combination involving entities under common control without involving any non-controlling interest.

Merger method

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any difference between the consideration paid and the share capital of the subsidiaries is reflected within equity as merger reserve.

Acquisition method

Under the acquisition method of accounting, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(a) Basis of consolidation *(cont'd)*

(ii) Changes in ownership interest in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

When the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, non-controlling interests and other components if equity related to the former subsidiary company are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Separate financial statements

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(b) Property, plant and equipment

Property, plant and equipment, other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are stated after revaluation less accumulated depreciation and any accumulated impairment losses.

Land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under revaluation reserve. The surpluses are recognised in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(b) Property, plant and equipment

Freehold land is not depreciated. Capital work-in-progress is stated at cost and is not depreciated until it is ready for their intended use. All other property, plant and equipment are depreciated on straight line basis based on the estimated useful lives of the assets as follows:

Leasehold land	25 - 79 years
Freehold buildings	50 years
Leasehold buildings	25 - 50 years
Furniture and fittings	5 - 13 years
Motor vehicles	4 - 10 years
Office equipment	3 - 10 years
Plant and machinery	5 - 20 years
Renovation	10 - 13 years
Tools and equipment	6 - 20 years
Mould and blocks	5 years

(c) Goodwill and other intangible assets

(i) Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair values less cost of disposal and value-in-use. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) 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.

Amortisation of other intangible assets are recognised in profit or loss based on straight-line basis over its useful life as follows:

Customer relationship	9 years
Trademark	10 years

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(d) Leases

(i) Right-of-use asset and lease liability

The Group and the Company recognise a right-of-use asset and a lease liability at earlier of the handover date of the leased property or the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group.
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Leasehold land	25 - 79 years
Leasehold buildings	2 - 50 years

On the statement of financial position, right-of-use assets have been included in the property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(d) Leases *(cont'd)*

(iii) Sales-and-leaseback transactions

When the Group sells an asset and leases it back, it first assesses whether the transfer of the asset satisfies to be accounted for as a sale.

If the transfer qualifies as a sale, the underlying asset is derecognised and subsequently recognised based on the portion of the previous carrying amount retained through the leaseback. The lease liability is recognised for the present value of future lease payments. Any resulting gain or loss on disposal is recognised in profit or loss, limited to the proportion of rights transferred to the buyer-lessor.

If the transfer does not qualify as a sale, the underlying asset continues to be recognised in full, the proceeds received are recognised as a financial liability. The financial liability is subsequently measured at amortised cost using the effective interest method.

Subsequent to initial recognition, the right-of-use asset is depreciated over the lease term. The lease liability is increased by interest expense and reduced by lease payments made.

(e) Financial assets

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

<u>Financial assets at amortised cost</u>

The financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the assets are recognised, modified and impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables (excluding prepayments and advances paid), deposits, amount due from subsidiary companies, amount due from related companies, amount due from related parties, other investments, fixed deposits with financial institutions and cash and bank balances.

<u>Financial assets at fair value through profit or loss</u>

Subsequent to initial recognition, these financial assets are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in profit or loss.

The Group and the Company's financial assets at fair value through profit or loss include derivative assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(f) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at financial liabilities at fair value through profit or loss.

Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gain or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Other financial liabilities

The Group's and the Company's other financial liabilities comprise trade and other payables, amount due to subsidiary companies, amount due to related companies, amount due to related parties, lease liabilities, hire purchase payables and bank borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Lease liabilities, hire purchase payables and bank borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(g) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(h) Inventories

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

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and restricted deposits.

(j) Impairment of financial assets

The Group and the Company measure the impairment loss on financial assets other than trade receivables and contract assets based on 12-month expected credit loss ("ECL") and for a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-month ECL.

For trade receivables and contract assets, the Group and the Company recognise impairments loss based on simplified approach and measures impairment loss based on lifetime ECL at each reporting date.

All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

Any changes in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted for in the same way as it accounts for the acquired assets.

(k) Revenue and other income

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Group's and the Company's revenue and other income is measured at fair value of consideration received or receivable.

(i) Sale of goods

Revenue from sales of goods is recognised at the point in time when control of the assets is transferred to the customers, generally upon delivery of the goods to the customer.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(k) Revenue and other income *(cont'd)*

(ii) Rendering of services

Revenue from services rendered is recognised over time, as the benefits of rendering of services are simultaneously received and consumed by the customers.

(iii) Rental income of machinery and equipment

Rental income of machinery and equipment is accounted for on a straight-line basis over the lease terms.

(iv) Construction contracts

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.

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 exceed total contract revenue, the expected loss is recognised as an expense immediately.

(v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Dividend income

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

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

(l) Deferred tax

The deferred tax recognised on properties carried at revaluation model is measured using the tax rates that would apply on sale of those assets unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time. For the latter, the deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the reporting date.

(m) Fair value measurement

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 in directly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The Company recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the accounting policies of the Group and of the Company, the management is required to make judgements, estimates and assumptions about the carrying amounts of revenues, expenses, assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only for that period; or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Impairment assessment of financial assets

The Group recognises impairment losses for financial assets using the expected credit loss model based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in adverse effect on the Group's products, the Group might be required to reduce the value of its inventories.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *(cont'd)*

(c) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use ("VIU") of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details of carrying amount, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 7 to the financial statements.

(d) Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 6.

(e) Revenue recognition for contract revenue

The Group recognises revenue from construction contracts using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience.

(f) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *(cont'd)*

(g) Classification of non-current bank borrowings

Bank facilities agreements entered into by the Group include clauses for repayment on demand at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of loans at reporting date have been classified between current and non-current liabilities based on their repayment period.

(h) Determining the lease term where the Group acts as a lessee

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The Group also considers whether the lessee and lessor each has the right to terminate the lease without the permission from the other party with no more than an insignificant penalty, in determining the lease term. In determining a penalty, the Group assesses monetary and non-monetary considerations.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The determination of the lease term is a significant judgment as it will directly affect the recognition of a lease as a short-term lease or a right-of-use asset with a corresponding lease liability.

(i) Leases – estimating the incremental borrowing rate

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Mould and blocks RM'000	Total RM'000
Group											
2024											
Cost/valuation											
At 1 January 2024	2,611	191,091	3,700	17,472	8,653	95,143	2,458	9,632	516	708	331,984
Additions	-	27,001	199	1,713	443	1,602	1,032	3,882	-	-	35,872
Revaluation	-	8,775	-	-	-	-	-	-	-	-	8,775
Revaluation adjustment	-	(13,491)	-	-	-	-	-	-	-	-	(13,491)
Lease remeasurement	-	(17,048)	-	-	-	-	-	-	-	-	(17,048)
Lease cessation	-	(2,004)	-	-	-	-	-	-	-	-	(2,004)
Disposals	(1,821)	-	(34)	(1,918)	(4)	(323)	(231)	-	-	-	(4,331)
Written off	-	-	(23)	(3)	(759)	(5,913)	(20)	(5)	-	-	(6,723)
Transferred to inventories	-	-	-	(322)	-	(215)	-	-	-	-	(537)
At 31 December 2024	790	194,324	3,842	16,942	8,333	90,294	3,239	13,509	516	708	332,497
Accumulated depreciation											
At 1 January 2024	233	29,754	2,147	11,709	6,803	69,199	1,618	3,424	-	708	125,595
Charge for the financial year	19	9,165	296	1,832	647	4,303	172	686	-	-	17,120
Revaluation adjustment	-	(13,491)	-	-	-	-	-	-	-	-	(13,491)
Lease remeasurement	-	(133)	-	-	-	-	-	-	-	-	(133)
Lease cessation	-	(1,891)	-	-	-	-	-	-	-	-	(1,891)
Disposals	(99)	-	(33)	(1,800)	(1)	(240)	(158)	-	-	-	(2,331)
Written off	-	-	(17)	(3)	(756)	(5,911)	(20)	(3)	-	-	(6,710)
Transferred to inventories	-	-	-	(117)	-	(65)	-	-	-	-	(182)
At 31 December 2024	153	23,404	2,393	11,621	6,693	67,286	1,612	4,107	-	708	117,977
Carrying amount											
At 31 December 2024	637	170,920	1,449	5,321	1,640	23,008	1,627	9,402	516	-	214,520

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Tools and equipment RM'000	Capital work in progress RM'000	Mould and blocks RM'000	Total RM'000
Group											
2023											
Cost/valuation											
At 1 January 2023	1,821	211,800	2,821	12,784	4,798	94,303	1,794	6,003	2,333	708	339,165
Acquisition of subsidiaries	790	963	836	2,756	3,709	353	991	444	-	-	10,842
Additions	-	731	45	2,731	195	1,450	61	2,684	570	-	8,467
Lease remeasurement	-	(24,554)	-	-	-	-	-	-	-	-	(24,554)
Lease cessation	-	(29)	-	-	-	-	-	-	-	-	(29)
Disposals	-	-	-	(821)	(12)	(1,035)	-	(2)	-	-	(1,870)
Written off	-	-	(2)	-	(37)	(328)	(388)	(2)	-	-	(757)
Reclassification	-	2,180	-	-	-	(170)	-	377	(2,387)	-	-
Transferred from inventories	-	-	-	22	-	570	-	128	-	-	720
At 31 December 2023	2,611	191,091	3,700	17,472	8,653	95,143	2,458	9,632	516	708	331,984
Accumulated depreciation											
At 1 January 2023	79	24,681	1,238	8,972	3,443	64,633	845	2,711	-	707	107,309
Acquisition of subsidiaries	140	519	650	2,328	2,968	225	790	244	-	-	7,864
Charge for the financial year	14	9,664	261	1,226	431	5,156	144	472	-	1	17,369
Lease remeasurement	-	(5,081)	-	-	-	-	-	-	-	-	(5,081)
Lease cessation	-	(29)	-	-	-	-	-	-	-	-	(29)
Disposals	-	-	-	(754)	(3)	(679)	-	(2)	-	-	(1,438)
Written off	-	-	(2)	-	(36)	(136)	(161)	(1)	-	-	(336)
Transferred from inventories	-	-	-	(63)	-	-	-	-	-	-	(63)
At 31 December 2023	233	29,754	2,147	11,709	6,803	69,199	1,618	3,424	-	708	125,595
Carrying amount											
At 31 December 2023	2,378	161,337	1,553	5,763	1,850	25,944	840	6,208	516	-	206,389

5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(a) Right-of-use assets

The carrying amount of right-of-use assets included in property, plant and equipment are as follows:

	Leasehold land and buildings RM'000
Group	
Cost/valuation	
At 1 January 2023	211,800
Acquisition of subsidiaries	963
Additions	731
Lease remeasurement	(24,554)
Lease cessation	(29)
Reclassification	2,180
At 31 December 2023/1 January 2024	191,091
Additions	27,001
Revaluation	8,775
Revaluation adjustment	(13,491)
Lease remeasurement	(17,048)
Lease cessation	(2,004)
At 31 December 2024	194,324
Accumulated depreciation	
At 1 January 2023	24,681
Acquisition of subsidiaries	519
Charge for the financial year	9,664
Lease remeasurement	(5,081)
Lease cessation	(29)
At 31 December 2023/1 January 2024	29,754
Charge for the financial year	9,165
Revaluation adjustment	(13,491)
Lease remeasurement	(133)
Lease cessation	(1,891)
At 31 December 2024	23,404
Carrying amount	
At 31 December 2024	170,920
At 31 December 2023	161,337

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
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5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(a) Right-of-use assets *(cont'd)*

Included in leasehold land and buildings are operating lease agreements entered into by the Group for the use of staff hostel, office, warehouse and outlet with carrying amount of RM51,434,020 (2023: RM47,106,089). The leases are mainly with lease term of 2 to 15 years (2023: 2 to 15 years).

(b) Plant and equipment financed by hire purchases

Included in motor vehicles and plant and machinery are amounts of RM2,008,260 and RM1,582,193 (2023: RM2,603,673 and RM2,552,541) respectively held under hire purchase arrangements.

(c) Assets pledged as securities to financial institutions

The carrying amount of properties of the Group pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements are:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Freehold land and buildings	637	650
Leasehold land and buildings	76,921	75,555
	77,558	76,205

(d) Additions of property, plant and equipment of the Group during the year were acquired by the following means:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Addition of property, plant and equipment	35,872	8,467
Less: Lease liabilities	(26,952)	(731)
Less: Acquired with hire purchase	(137)	(600)
Less: Provision for restoration costs capitalised	(49)	-
Acquired by cash payments	8,734	7,136

(e) Included in leasehold land and buildings is an amount of RM119,485,978 (2023: RM114,230,097) with remaining lease period ranging from 25 to 80 years (2023: 15 to 81 years).

5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(f) Revaluation of land and buildings

Certain land and buildings of the Group are measured at revalued amounts. The valuations were performed by independent professional valuers registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia. The fair values were determined using the indicated approaches, based on market data and appropriate valuation techniques. The revaluation surplus, net of deferred tax, was recognised in other comprehensive income and accumulated in equity under the revaluation reserve.

Revaluation Summary as of 31 December 2024

Asset	Valuation Date	Valuation Approach Used	Revalued Amount (RM'000)	Fair Value Hierarchy
Leasehold land A	13.05.2022	Market Comparison Approach	12,358	Level 2
Leasehold buildings A	13.05.2022	Cost Approach	6,842	Level 3
Leasehold land and buildings B	20.09.2024	Market Comparison Approach	1,200	Level 2
Leasehold land and buildings C	21.06.2024	Income Approach	19,900	Level 3
Leasehold land and buildings D	26.06.2024	Income Approach	22,300	Level 3
Leasehold land E	28.10.2024	Market Comparison Approach	15,497	Level 2
Leasehold buildings E	28.10.2024	Cost Approach	16,719	Level 3
Leasehold land F	03.12.2024	Market Comparison Approach	11,300	Level 2
Leasehold buildings F	03.12.2024	Cost Approach	16,700	Level 3

The carrying amount of the revalued land and buildings as at the reporting date was RM119,485,978 (2023: RM115,959,984). Had the revalued land and buildings been measured using the cost mode, their total carrying amount as at the reporting date would have been RM78,299,068 (2023: RM82,949,018).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(f) Revaluation of land and buildings *(cont'd)*

During the financial year, a revaluation surplus of RM6,669,473, net of deferred tax liabilities of RM2,106,149, was recognised in other comprehensive income and accumulated in the revaluation reserve.

The valuations were carried out using the following method:

- Market comparison approach: comparison with similar properties in the locality which were recently sold or transacted with adjustments made for location, size, shape of land, tenure of any and other relevant characteristics.
- Cost approach: estimation of current replacement cost of similar buildings, structure and improvements based on prevailing material prices and related charges, with deductions made for depreciation due to physical deterioration, functional and external obsolescence reflecting the observed condition as at the date of valuation, if any.
- Income approach capitalisation of net rent from a property. Net rent is the residue of gross annual rent less annual expenses required to sustain the rent with allowance for void.

The Group has assessed that the carrying amounts of the revalued assets continue to reflect their fair values as at the reporting date. No significant changes in market conditions were observed that would materially affect the valuations.

There were no transfers between levels of the fair value hierarchy during the financial year.

(g) Included in land and buildings with a carrying amount of RM32,051,861 (2023: RM29,907,326) are yet to be issued individual title of the properties.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2024	2023
	RM'000	RM'000
Unquoted shares, at cost		
At beginning of the financial year	612,637	591,586
Additions	25,720	21,051
	638,357	612,637
Less: Accumulated impairment losses	(45,097)	(16,255)
At end of the financial year	593,260	596,382

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(a) The movement in the allowance for impairment losses is as follows:

	Company	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the financial year	16,255	16,255
Impairment loss during the financial year (Note 30)	28,842	-
At end of the financial year	45,097	16,255

As at 31 December 2024, the Company evaluated its investments in subsidiary companies for indicators of impairment. The assessment identified that the recoverable amount of one of the subsidiaries was lower than its carrying amount, resulting in an impairment loss of RM28,841,667, which has been recognised under "Other Expenses" in profit or loss.

The recoverable amount was determined based on value in use ("VIU") calculations, using cash flow projections covering a five-year period approved by the Directors. Cash flows beyond the five-year period were extrapolated using a terminal growth rate.

The key assumptions used in the VIU calculations are as follows:

Subsidiary	**Revenue growth rate**	**Pre-tax discount rate**
TK Rentals Sdn. Bhd.	-4% to 0%	12.72% to 18.33%
Hextar Fertilizers Group Sdn. Bhd. and its subsidiaries	2.5% to 10.0%	14.53%
Pacific Office Sdn. Bhd.	0%	12.42%
Sin Chee Heng Sdn. Bhd.	-11% to 0%	18.36%

The terminal growth rate used for the above VIU calculations are 0%.

The calculations of VIU are most sensitive to changes in the following assumptions:

- Revenue growth rate: which is based on past performance and management's expectations of market development.
- Discount rate: which reflects the current market assessment of the risks specific to the CGU and the time value of money.
- Terminal growth rate: which is based on long-term industry outlook.

Sensitivity Analysis

The Company performed a sensitivity analysis on key assumptions used in the impairment test. A 1% decrease in revenue growth rate or a 1% increase in the pre-tax discount rate would not result in the carrying amount exceeding the recoverable amount of the investment in subsidiary companies. Management considers that there is no reasonably possible change in key assumptions that would cause further impairment for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(b) Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2024 %	Effective interest 2023 %	Principal activities
Direct interest:				
SCH Corporation Sdn. Bhd. ("SCH Corporation")	Malaysia	100	100	Investment holding
Sin Chee Heng Sdn. Bhd. ("Sin Chee Heng") #	Malaysia	100	-	Supplying and distributing all kinds of quarry industrial products and quarry machinery
SCH Wire-Mesh Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributing and supplying of quarry grill
Get Rental Sdn. Bhd. (fka. Sin Chee Heng (Johore) Sdn. Bhd.) #	Malaysia	50	-	Providing equipment rent-to-own solutions
Hextar Luckin (EM) Sdn. Bhd. (fka. SCH Machinery & Equipment Sdn. Bhd.)	Malaysia	100	100	Supplying and distributing quarry machinery, quarry equipment and reconditioned quarry machinery as well as spare parts for quarry machinery, quarry equipment and reconditioned quarry machinery to the quarry industry
TK Rentals Sdn. Bhd.	Malaysia	100	100	Business of renting, trading, repair and maintenance of mobile air and maintenance of mobile air conditioner, tent, event related equipment and tools, industrial related machinery and industrial battery and provide logistics and delivery services
PK Fertilizers (Sarawak) Sdn. Bhd.	Malaysia	100	100	Business of manufacturing, merchandising, trading, distribution and wholesale warehouseman of fertilizers

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(b) Details of the subsidiary companies are as follows: *(cont'd)*

Name of company	Country of incorporation	Effective interest 2024 %	Effective interest 2023 %	Principal activities
HIB Management Sdn. Bhd.	Malaysia	100	100	Business of provision of management services
PK Fert Sdn. Bhd.	Malaysia	100	100	Business of marketing and distribution of fertilizers
Hextar Fertilizers Group Sdn. Bhd. ("HFGSB")	Malaysia	100	100	Investment holding
Pacific Office (M) Sdn. Bhd.*	Malaysia	100	100	Distribution, retails and online sales of office equipment and supplies, personal protective equipment and supplies, stationery books, magazines and newspapers, rental and operational leasing of office equipment
Hextar Mitai Sdn. Bhd.	Malaysia	70	70	Civil engineering contractor and other construction installation
Global Aroma Sdn. Bhd. ("GASB")	Malaysia	100	-	Retailer dealing in food and beverages such as aerated water, tea, coffee and all kinds and classes of beverages
Indirect interest:				
Held through SCH Corporation				
Sin Chee Heng Sdn. Bhd. ("Sin Chee Heng") #	Malaysia	-	100	Supplying and distributing all kinds of quarry industrial products and quarry machinery
Sin Chee Heng (Butterworth) Sdn. Bhd. ^	Malaysia	-	100	Struck off
Get Rental Sdn. Bhd. (fka. Sin Chee Heng (Johore) Sdn. Bhd.) #	Malaysia	-	50	Providing equipment rent-to-own solutions

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(b) Details of the subsidiary companies are as follows: *(cont'd)*

Name of company	Country of incorporation	Effective interest 2024 %	Effective interest 2023 %	Principal activities
Indirect interest:				
Held through Sin Chee Heng				
Sin Chee Heng (Sabah) Sdn. Bhd. ^	Malaysia	-	100	Struck off
Sin Chee Heng (Sarawak) Sdn. Bhd. ^	Malaysia	-	100	Struck off
Get Rental Sdn. Bhd. (fka. Sin Chee Heng (Johore) Sdn. Bhd.)	Malaysia	50	50	Providing equipment rent-to-own solutions
Indirect interest:				
Held through HFGSB				
Hextar Fert Sdn. Bhd. ("HFT")	Malaysia	100	100	Manufacturing, formulation, distribution and trading of a wide range of fertilizers
Hextar Solutions Sdn. Bhd. ("HSO")	Malaysia	100	100	Manufacturing, formulation, distribution and trading of a wide range of fertilizers
PK Fertilizers Sdn. Bhd. ("PKF")	Malaysia	100	100	Manufacturing, formulation, distribution and trading of a wide range of fertilizers
Indirect interest:				
Held through GASB				
Hextar Luckin (M) Sdn. Bhd. ("HLMSB")	Malaysia	100	-	Retailer dealing in food and beverages such as aerated water, tea, coffee and all kinds and classes of beverages.

* *Subsidiary company not audited by ECOVIS MALAYSIA PLT.*
^ *The subsidiaries were struck off during the current financial year.*
# *The subsidiaries were internal restructured with no change in the overall group ownership during the current financial year.*

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

6. INVESTMENT IN SUBSIDIARY COMPANIES *(cont'd)*

(c) Incorporation of new subsidiaries

During the financial year, the Group undertook the following share subscriptions:

(i) the Company subscribed 1,000,000 ordinary shares in GASB, at an issue price of RM1.00 representing 100% issued share capital in GASB, and

(ii) GASB subscribed 1,000,000 ordinary shares in HLMSB, at an issue price of RM1.00 representing 100% issued share capital in HLMSB.

(d) Material non-controlling interest in a subsidiary

	2024 RM'000	2023 RM'000
NCI percentage of ownership interest and voting interest	30.00%	30.00%
Carrying amount of NCI	2,783	2,028
Profit allocated to NCI	755	172

Summarised financial information before intra-group elimination

	2024 RM'000	2023 RM'000
As at 31 December		
Non-current assets	1,563	1,778
Current assets	33,421	13,531
Non-current liabilities	(627)	(694)
Current liabilities	(25,079)	(7,856)
Net assets	9,278	6,759
Period from 1 January/acquisition date to 31 December		
Revenue	44,571	5,102
Profit for the year/period	2,518	575
Cash flows generated from operating activities	421	227
Cash flows (used in)/generated from investing activities	(44)	51
Cash flows generated from/(used in) financing activities	3,123	(534)
Net increase/(decrease) in cash and cash equivalents	3,500	(256)

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7. INTANGIBLE ASSETS

	Goodwill on consolidation RM'000	Customer relationship RM'000	Trademark RM'000	Total RM'000
Group				
Cost				
At 1 January 2023	28,818	-	-	28,818
Acquisition of a subsidiary	7,883	439	-	8,322
At 31 December 2023/ 1 January 2024	36,701	439	-	37,140
Addition	-	-	2,240	2,240
At 31 December 2024	36,701	439	2,240	39,380
Amortisation				
At 1 January 2023	-	-	-	-
Charge for the financial year	-	9	-	9
At 31 December 2023/ 1 January 2024	-	9	-	9
Charge for the financial year	-	48	-	48
At 31 December 2024	-	57	-	57
Impairment losses				
At 1 January 2023	14,388	-	-	14,388
Addition	14,369	-	-	14,369
At 31 December 2023/ 1 January 2024/ 31 December 2024	28,757	-	-	28,757
Carrying amount				
At 31 December 2024	7,944	382	2,240	10,566
At 31 December 2023	7,944	430	-	8,374

On 29 November 2024, GASB has entered into a Master Development and Operating Agreement with Luckin Coffee Holding Singapore Pte. Ltd. ("Luckin Coffee") to be granted the operational right as a franchisee to develop, open and operate under the brand name as 'Luckin Coffee' in Malaysia. The arrangement resulted in the recognition of trademark rights of RM2,240,000.

7. INTANGIBLE ASSETS *(cont'd)*

(a) Goodwill in consolidation

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

	2024 RM'000	2023 RM'000
Fertilisers segment	61	61
Office supplies segment	7,662	7,662
Engineering solutions segment	221	221
	7,944	7,944

The Group undertakes an annual test for impairment of its cash-generating units ("CGU") consisting of three subsidiaries.

The recoverable amount of the CGU is determined based on the value-in-use ("VIU") calculations. Cash flows are derived from financial budgets approved by the Directors covering over five-year period (2023: five-year period) that reflects the majority of the assets' useful life. The projection reflects management's expectation of revenue growth for the CGU based on the expectations of market growth.

Key assumptions used in VIU calculations are as follows:

	2024	2023
Revenue growth rate:		
Equipment rental	-	Range from 0% to 3% for the 5 year-period
Fertilisers	Range from 3% to 5% for the 5 year-period	Range from 5% to 10% for the 5 year-period
Office supplies	Range at 0% for the 5 year-period	Range from 5% to 7% for the 5 year-period
Engineering solutions	Range from -64% to 51% for the 5 year-period	Range from -49% to 145% for the 5 year-period

	2024	2023
Pre-tax discount rate:		
Equipment rental	-	18.32%
Fertilisers	18.98%	5.17%
Office supplies	12.42%	18.56%
Engineering solutions	16.85%	26.38%

Based on the impairment test performed, no impairment loss was recognised for the above CGUs for the current financial year.

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7. INTANGIBLE ASSETS *(cont'd)*

(a) Goodwill in consolidation *(cont'd)*

In previous financial year, impairment loss amounted to RM14,368,476 was recognised as the carrying amount was in excess of the recoverable amount of the CGU for the equipment rental segment.

Sensitivity to change in assumption

The Group performed a sensitivity analysis on key assumptions used in the impairment test. A 1% decrease in revenue growth rate or a 1% increase in the pre-tax discount rate would not result in the carrying amount exceeding the recoverable amount of the CGUs. Management considers that there is no reasonably possible change in key assumptions that would cause an impairment for the financial year.

(b) Trademark

The Master Development and Operating Agreement entered between GASB and Luckin Coffee resulted in the recognition of trademark rights of RM2,240,000. The trademark is amortised over ten years.

8. TRADE RECEIVABLES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Non-current:		
Trade receivables	532	393
Current:		
Trade receivables	205,884	204,608
Retention sum receivables	2,590	18
	208,474	204,626
Less: Impairment loss	(3,505)	(5,122)
	204,969	199,504
Third party trade receivables	206,416	205,001
Retention sum receivables	2,590	18
	209,006	205,019
Less: Impairment loss	(3,505)	(5,122)
Total trade receivables	205,501	199,897

Trade receivables are non-interest bearing and are generally on cash on delivery or credit term of up to 120 days (2023: cash on delivery to 120 days credit term). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

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8. TRADE RECEIVABLES *(cont'd)*

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

	Group	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	5,122	7,795
Acquisition of subsidiaries	-	1,661
Net impairment loss/(gain) during the financial year		
- lifetime ECL allowances	351	(194)
- specific allowances	(604)	(918)
Written off	(1,364)	(3,222)
At 31 December	3,505	5,122
Accumulated impairment losses		
- lifetime ECL allowances	1,219	868
- specific allowances	2,286	4,254
	3,505	5,122

(a) Trade receivables on deferred payment terms

The Group has arranged for past due receivables amounting RM1,322,771 (2023: RM925,443) at reporting date to settle their balances under monthly instalment agreement with no interest charged and tenure ranging between 24 to 25 months (2023: 24 to 36 months).

Analysis of trade receivables on deferred payment terms are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Nominal value		
At 1 January	1,017	1,677
Addition	1,768	-
Repayment	(1,361)	(660)
At 31 December	1,424	1,017
Discount		
At 1 January	92	225
Add: Accretion of discount	162	-
Less: Unwinding of discount	(152)	(133)
At 31 December	102	92
Net carrying amount	1,322	925

NOTES TO THE FINANCIAL STATEMENTS

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8. TRADE RECEIVABLES *(cont'd)*

(b) Analysis of trade receivables ageing at end of the financial year is as follows:

	Gross amount RM'000	Impairment loss RM'000	Carrying amount RM'000
2024			
Not past due	82,733	(70)	82,663
Past due			
Less than 30 days	46,810	(15)	46,795
31 to 60 days	40,964	(333)	40,631
61 to 90 days	12,296	(49)	12,247
91 to 120 days	4,190	(45)	4,145
More than 120 days	22,013	(2,993)	19,020
	126,273	(3,435)	122,838
	209,006	(3,505)	205,501
2023			
Not past due	76,908	(518)	76,390
Past due			
Less than 30 days	40,317	(95)	40,222
31 to 60 days	23,638	(179)	23,459
61 to 90 days	20,080	(2)	20,078
91 to 120 days	11,134	(168)	10,966
More than 120 days	32,942	(4,160)	28,782
	128,111	(4,604)	123,507
	205,019	(5,122)	199,897

<u>Trade receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

<u>Trade receivables that are past due but not impaired</u>

The Group believes that no impairment allowance is necessary in respect of these trade receivables which are past due but not impaired as they are substantially entities with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVENTORIES

	Group	
	2024	2023
	RM'000	RM'000
Raw materials	107,459	108,963
Packaging materials	1,325	2,114
Finished goods	64,586	58,107
Consumables	1,469	2,147
Goods in transit	18,042	15,444
	192,881	186,775
Analysed as:		
Valued at cost	192,235	186,229
Valued at net realisable value	646	546
	192,881	186,775
Recognised in profit or loss	719,681	689,265

10. OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current:				
Other receivables	25,541	11,865	1	1
Deposits	5,105	3,047	1	1
Prepayments	2,860	2,481	6	7
	33,506	17,393	8	9

Included in other receivables are:

(a) An amount of Nil (2023: RM20,000) being bank guarantee given to Tenaga Nasional Berhad;

(b) An amount of RM361,040 (2023: RM81,492) being bank guarantee given to the subsidiary's customer.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
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11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2024	2023
	RM'000	RM'000
Group		
Contract assets	21,863	9,998
Contract liabilities	(2,388)	(1,397)
	19,475	8,601
Arising from:		
Equipment rental (Note (a))	(105)	(725)
Engineering solutions (Note (b))	19,580	9,326
	19,475	8,601

(a) Equipment rental

Contract liabilities primarily relate to the Group's advance billing for rentals of machinery and equipment's lease term beyond the reporting date. Contract liabilities are recognised as revenue when those lease term have ended.

(b) Engineering solutions

Contract assets are transferred to receivables when the rights become unconditional at the point of invoicing to customer. Contract liabilities primarily relate to the obligation to transfer goods or services to customer for which the Group has received the consideration or have billed the customer according to contracts works certified. Contract liabilities are recognised as revenue as the Group performs under the contract.

Movement during the financial year:

	Group	
	2024	2023
	RM'000	RM'000
Contract assets		
At 1 January	9,326	-
Acquisition of subsidiary	-	4,722
Net revenue recognised	44,571	5,102
Net progress billing	(34,317)	(498)
At 31 December	19,580	9,326

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

11. CONTRACT ASSETS/(LIABILITIES) *(cont'd)*

Revenue recognised that was included in contract liabilities at the beginning of the financial year are RM725,080 (2023: RM397,222).

The Group has a right to consideration from a customer in an amount that corresponds directly with the value of goods transferred, and the Directors expect the remaining performance obligation to be fulfilled within one year or less. Consequently, no disclosure is necessary when applying practical expedient in MFRS 15.

12. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Amount due from/(to) subsidiary companies are non-interest bearing, unsecured and repayable/(payable) on demand in cash and cash equivalents.

13. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Amount due from related companies		
- Trade	24	340
Amount due to related companies		
- Trade	852	32

Amount due from/(to) related companies are non-interest bearing, unsecured and repayable/(payable) on cash on delivery or credit terms of up to 60 days (2023: cash on delivery to 60 days credit term).

14. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Amount due from related parties		
- Trade	11	9
Amount due to related parties		
- Trade	-	23

Amount due from/(to) related parties are non-interest bearing, unsecured and repayable/(payable) on cash on delivery.

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15. DERIVATIVES ASSETS/(LIABILITIES)

	Group	
	2024	2023
	RM'000	RM'000
Derivatives held for trading at fair value through profit or loss		
Forward foreign exchange contracts		
- assets	332	73
- liabilities	(4)	(141)
	328	(68)

The Group uses forward foreign exchange contracts to manage foreign currency exposure in import and export of fertilisers and quarrying machineries and products denominated in currencies other than the functional currency of Group entities.

At the end of the reporting period, the settlement dates on open forward contracts range from 2 to 6 months (2023: 1 to 2 months).

Maturities of forward foreign exchange contracts of the Group as at end of the reporting period are as follows:

Settlement month	Currency to be paid	Amount in foreign currency ('000)	Contractual rate	Amount in RM ('000)
31 December 2024				
January 2025	USD	2,794	4.336 - 4.482	12,474
March 2025	USD	1,700	4.106 - 4.406	7,322
31 December 2023				
January 2024	USD	1,145	4.627 - 4.671	5,319
January 2024	JPY	2,978	0.031 - 0.033	96
February 2024	USD	500	4.614	2,307

16. OTHER INVESTMENT

	Group	
	2024	2023
	RM'000	RM'000
Short-term investment	3,500	12,494
Impairment loss during the financial year	(3,500)	(356)
	-	12,138

16. OTHER INVESTMENT *(cont'd)*

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

	Group	
	2024	2023
	RM'000	RM'000
At beginning of the financial year	356	-
Impairment loss during the financial year (Note 30)	3,144	356
At end of the financial year	3,500	356

The short-term investment is placed with issuers that are hosted on a licensed peer-to-peer ("P2P") financing platform registered with Securities Commission Malaysia and bears interest rate at 11.50% (2023: 11.00% to 12.25%) per annum. During the financial year, the investment has been fully impaired. From the previous financial year, impairment loss was provided based on the probability of default at average rates ranging from 1.85% to 7.51%.

17. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

Fixed deposit of the Group amounting to RM479,895 (2023: RM462,056) being restricted deposit in lieu for letter of offer for bank borrowings as disclosed in Note 23 to the financial statements

The interest rates and maturities of the fixed deposits range from 2.30% to 2.50% (2023: 2.50% to 2.80%) per annum and range from 30 days to 365 days (2023: 30 days to 365 days), respectively.

18. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amount	
	2024	2023	2024	2023
	Units ('000)	Units ('000)	RM'000	RM'000
Issued and fully paid				
At beginning/end of the financial year	2,747,342	2,747,342	671,443	671,443

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

19. MERGER DEFICIT

Merger deficit arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
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20. REVALUATION RESERVE

The revaluation reserve represents revaluation surplus on the property of the Group (net of deferred tax, where applicable) presented under property, plant and equipment. The Group makes an annual transfer of the revaluation reserve to retained earnings on a straight-line method. Upon retirement or disposal of the property, the revaluation reserve is transferred directly to retained earnings.

21. LEASE LIABILITIES

	Group	
	2024	2023
	RM'000	RM'000
Current liabilities	6,462	4,195
Non-current liabilities	48,901	45,948
	55,363	50,143

The maturity analysis of lease liabilities as follows:

	Group	
	2024	2023
	RM'000	RM'000
Minimum lease payments		
Within one year	8,989	6,490
Later than one year and not later than two years	7,119	5,840
Later than two years and not later than five years	18,408	16,534
Later than five years	37,510	37,036
	72,026	65,900
Less: Future finance charges	(16,663)	(15,757)
Present value of minimum lease payments	55,363	50,143
Present value of minimum lease payments		
Within one year	6,462	4,195
Later than one year and not later than two years	4,427	3,592
Later than two years and not later than five years	12,669	11,080
Later than five years	31,805	31,276
	55,363	50,143
Analysed as:		
Repayable within twelve months	6,462	4,195
Repayable after twelve months	48,901	45,948
	55,363	50,143

Lease interest of the Group ranges from 3.38% to 7.26% (2023: 3.19% to 5.05%) per annum.

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31 DECEMBER 2024
cont'd

21. LEASE LIABILITIES *(cont'd)*

Movement in the lease liabilities is as follows:

	Group	
	2024	2023
	RM'000	RM'000
At 1 January	50,143	74,515
Acquisition of subsidiaries	-	470
Addition of new leases	26,952	731
Interest expense on lease liabilities	2,534	3,134
Lease payments		
- Principal portion	(4,672)	(5,048)
- Interest portion	(2,534)	(3,134)
Lease remeasurement	(122)	(391)
Lease cessation	(16,938)	(20,134)
At 31 December	55,363	50,143

The following are the amounts recognised in profit or loss:

	Group	
	2024	2023
	RM'000	RM'000
Depreciation expenses of right-of-use assets	9,165	9,664
Interest expense on lease liabilities	2,534	3,134
Expenses relating to short-term leases	8,149	5,312
Total amount recognised in profit or loss	19,848	18,110
Total cash outflows for leases (including short-term leases)	(15,355)	(13,494)

22. HIRE PURCHASE PAYABLES

	Group	
	2024	2023
	RM'000	RM'000
Current liabilities	963	1,277
Non-current liabilities	1,462	2,273
	2,425	3,550

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024
cont'd

22. HIRE PURCHASE PAYABLES *(cont'd)*

The maturity analysis of hire purchase payables as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Minimum lease payments		
Within one year	1,051	1,412
Later than one year and not later than two years	866	1,891
Later than two years and not later than five years	664	516
	2,581	3,819
Less: Future finance charges	(156)	(269)
Present value of minimum lease payments	2,425	3,550
Present value of minimum lease payments		
Within one year	963	1,277
Later than one year and not later than two years	819	1,775
Later than two years and not later than five years	643	498
	2,425	3,550
Analysed as:		
Repayable within twelve months	963	1,277
Repayable after twelve months	1,462	2,273
	2,425	3,550

Hire purchase interest of the Group ranges from 1.77% to 3.71% (2023: 1.77% to 3.71%) per annum.

Certain hire purchase payables of the Group are secured by corporate guarantee of the Company.

23. BANK BORROWINGS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured				
Bills payable	177,419	139,081	-	-
Bank overdraft	-	1,500	-	-
Revolving credit	4,500	27,000	-	15,000
Term loans	41,042	48,741	-	-
	222,961	216,322	-	15,000

23. BANK BORROWINGS *(cont'd)*

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
Current				
Bills payable	177,419	139,081	-	-
Bank overdraft	-	1,500	-	-
Revolving credit	4,500	27,000	-	15,000
Term loans	7,909	7,865	-	-
	189,828	175,446	-	15,000
Non-current				
Term loans	33,133	40,876	-	-
	222,961	216,322	-	15,000

The bank borrowings are secured by the following:

(a) Legal charge over freehold buildings and certain leasehold land and buildings of the Group as disclosed in Note 5 to the financial statements;

(b) Corporate guarantee by the Company and subsidiary companies, PK Fert Sdn. Bhd. and PK Fertilizers (Sarawak) Sdn. Bhd.;

(c) Corporate guarantee by a related party of a subsidiary company, Pacific Office (M) Sdn. Bhd.;

(d) Joint and several guarantee of Directors and former Director of a subsidiary company, Pacific Office (M) Sdn. Bhd.

(e) Negative pledge over all present and future assets of the Group;

(f) Fixed deposits as disclosed in Note 17 to the financial statements;

(g) Legal charge over leasehold land and buildings of a related party of a subsidiary company, Pacific Office (M) Sdn. Bhd.; and

(h) Guarantee coverage up to 80% of the loan by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") under the Covid-19 Special Relief Facility Scheme ("SRF").

23. BANK BORROWINGS *(cont'd)*

Maturity of bank borrowings is as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Within one year	189,828	175,446	-	15,000
Between one and two years	8,140	7,929	-	-
Between two and five years	14,669	8,139	-	-
After five years	10,324	24,808	-	-
	33,133	40,876	-	-

The range of effective interest rates per annum on bank borrowings of the Group and of the Company as at reporting date are as follows:

	Group		Company	
	2024	2023	2024	2023
	%	%	%	%
Bills payable	2.75 - 5.94	3.50 - 7.28	-	-
Bank overdraft	-	7.35	-	-
Revolving credit	6.11 - 6.28	5.31 - 6.49	-	6.49
Term loans	4.95 - 6.30	3.50 - 6.28	-	-

The Group is subject to certain covenants for bill payable amounting RM135,794,071 (2023: RM97,797,407), term loan amounting RM40,758,340 (2023: RM47,850,349) and revolving credit amounting Nil (2023: RM12,000,000). These covenants required the Group's gearing and current ratio to be maintained within a specific range.

These significant covenants are tested on an annual basis on the audited financial statements of the Group and certain subsidiaries. The term loan becomes repayable on demand if the threshold is not met at 31 December 2024.

The Group and certain subsidiaries complied with the threshold when it was tested on 31 December 2024. There are no indication that it will have difficulty complying with these covenants as at the reporting date.

24. PROVISION OF RESTORATION COST

Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy. The provision is estimated using the assumption that restoration will only take place upon expiry of the lease terms.

The Group estimates provision for restoration costs based on a recent quotation per square feet of rent area from a contractor. The estimated provision for restoration costs is review periodically and is updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs of the Group.

A reconciliation of the provision for restoration costs is as follows:

	Group
	2024
	RM'000
At 1 January	-
Recognised in right-of-use assets	49
At 31 December	49

Provision for restoration costs is classified as non-current liabilities unless the tenancy agreement, for which the restoration is required, expires within 12 months after the reporting date.

25. DEFERRED TAX LIABILITIES

	Group	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	25,706	22,671
Acquisition of subsidiaries	-	205
Recognised in profit or loss (Note 32)	15	2,830
Arising from revaluation of properties	2,106	-
At 31 December	27,827	25,706

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31 DECEMBER 2024
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25. DEFERRED TAX LIABILITIES *(cont'd)*

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follow:

	Group 2024 RM'000	Group 2023 RM'000
Deferred tax liabilities	27,992	25,801
Deferred tax assets	(165)	(95)
	27,827	25,706

The components and movement of deferred tax liabilities and assets are as follows:

	Contract liabilities RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Revaluation reserve RM'000	Unabsorbed capital allowance and unutilised tax losses RM'000	Total RM'000
Group						
2024						
At 1 January	(95)	13,121	104	12,564	12	25,706
Arising from revaluation reserve	-	-	-	2,106	-	2,106
Recognised in profit or loss (Note 32)	70	546	(12)	(437)	(152)	15
At 31 December	(25)	13,667	92	14,233	(140)	27,827
2023						
At 1 January	(95)	13,359	-	12,893	(3,486)	22,671
Acquisition of subsidiaries	-	99	106	-	-	205
Recognised in profit or loss (Note 32)	-	(337)	(2)	(329)	3,498	2,830
At 31 December	(95)	13,121	104	12,564	12	25,706

26. TRADE PAYABLES

	Group	
	2024	2023
	RM	RM
Third parties	103,602	64,084
Retention sum payables	220	454
	103,822	64,538

Credit terms of trade payables of the Group range from 30 to 180 (2023: 30 to 180) days, depending on the term of the contracts.

27. OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other payables	15,652	12,851	114	71
Accruals	20,561	20,488	110	110
Deposits received	2,457	608	-	-
Deferred consideration	2,000	3,500	2,000	3,500
	40,670	37,447	2,224	3,681

Deferred consideration payable by the Company amounting to RM2,000,000 (2023: RM3,500,000) represents the purchase consideration for acquisition of Pacific Office (M) Sdn. Bhd., which is contingent on certain criteria being met.

Included in deposits received is an amount of RM2,295,000 (2023: Nil) received from Pacific Trustees Berhad ("Pacific Trustees"), being as the trustee of KIP Real Estate Investment Trust ("KIP REIT") for the disposals of properties as disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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28. REVENUE

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Dividend income	-	-	18,480	56,350
Construction contracts	44,571	5,102	-	-
Sales of goods	906,461	918,816	-	-
Rendering of services	14,146	12,696	-	-
Rental income of machinery and equipment	322	372	-	-
	965,500	936,986	18,480	56,350
Timing of revenue recognition				
- at a point in time	906,461	918,816	18,480	56,350
- over time	59,039	18,170	-	-
	965,500	936,986	18,480	56,350

29. FINANCE COSTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bills payable	8,482	9,130	-	-
Bank guarantees	47	36	-	-
Bank overdrafts	58	78	-	-
Lease liabilities	2,534	3,134	-	-
Hire purchase	134	164	-	-
Term loans	2,621	2,868	-	-
Revolving credits	1,848	765	1,042	198
	15,724	16,175	1,042	198

30. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is determined after charging/(crediting) amongst other, the following items:

		Group		Company	
		2024	**2023**	**2024**	**2023**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amortisation of intangible assets	7	48	9	-	-
Auditors' remuneration					
- Statutory					
▪ Current year					
- Ecovis Malaysia PLT		481	448	100	100
- Other auditors		15	-	-	-
▪ Underprovision in prior years		40	25	40	25
- Audit-related services		18	8	18	8
- Non-statutory audit fee		8	154	8	154
Bad debts recovered		(175)	-	-	-
Bad debts written off		17	183	-	-
Depreciation of property, plant and equipment	5	17,120	17,369	-	-
Deposit written off		6	4	-	-
Foreign exchange (gain)/loss					
- realised		(163)	286	-	1
- unrealised		(542)	1,108	-	-
Inventories written down, net		459	579	-	-
Inventories written off		166	5,555	-	-
Impairment loss on investment in subsidiary companies	6	-	-	28,842	-
Impairment loss of goodwill	7	-	14,369	-	-
Impairment loss on other investment	16	3,144	356	-	-
Net impairment loss/(gain) on trade receivables:					
- lifetime ECL allowance	8	351	(194)	-	-
- specific allowance	8	(604)	(918)	-	-
Property, plant and equipment written off	5	13	421	-	-
Rental of machinery and equipments*		3,104	2,124	-	-
Rental of motor vehicles*		281	269	-	-
Rental of premises*		4,764	2,919	-	-

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30. PROFIT/(LOSS) BEFORE TAX *(cont'd)*

Profit/(loss) before tax is determined after charging/(crediting) amongst other, the following items: *(cont'd)*

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Staff cost (excluding Directors' remuneration)					
- salaries, wages and allowance		43,489	33,261	-	-
- contribution to defined contribution plan		3,377	2,356	-	-
- Social security contribution		425	285	-	-
- other employee benefits		1,355	1,327	-	-
Finance income:				-	-
- unwinding of discount on trade receivables		(152)	(133)	-	-
- interest income		(1,623)	(911)	(344)	(266)
Gain on disposal of property, plant and equipment		(474)	(358)	-	-
Gain on disposal of asset held for sale		-	(284)	-	-
Gain on lease cessation and remeasurement		(32)	(1,051)	-	-
Gain on struck off of subsidiaries		(69)	-	-	-
Insurance compensation		-	(479)	-	-
Rental income		(814)	(2,358)	-	-
Expenses recognised in cost of sales:					
Depreciation of property, plant and equipment		12,170	13,890	-	-
Inventories written down, net		459	579	-	-
Inventories written off		166	5,555	-	-
Rental of machinery and equipments*		3,099	2,123	-	-
Rental of premises*		4,338	2,795	-	-
Staff cost (excluding Directors' remuneration)					
- salaries, wages and allowance		22,983	18,199	-	-
- contribution to defined contribution plan		753	583	-	-
- Social security contribution		181	102	-	-
- other employee benefits		580	370	-	-

* The amount represents short-term leases and low value underlying assets under MFRS 16.

31. DIRECTORS' REMUNERATION

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Directors of the Group and of the Company				
Executive:				
- Salary and other emoluments*	3,478	3,088	7	9
- Contribution to defined plan	327	273	-	-
	3,805	3,361	7	9
Non-executive:				
- Fees	244	180	244	180
- Salary and other emoluments*	19	12	19	12
	4,068	3,553	270	201

* Other emoluments included SOCSO, allowances, meeting allowance and etc.

The estimated monetary value of Director's benefit-in-kind for the Group is RM45,400 (2023: RM45,400).

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 31 December 2024 is as follows:

	Group No. of Directors		Company No. of Directors	
	Executive	Non-executive	Executive	Non-executive
Range of remuneration:-				
Below RM50,000	-	1	2	1
RM50,001-RM100,000	-	4	-	4
RM100,001-RM200,000	1	-	-	-
RM200,001-RM300,000	-	-	-	-
RM300,001-RM400,000	-	-	-	-
RM400,001-RM500,000	1	-	-	-
RM500,001-RM600,000	1	-	-	-
RM600,001-RM700,000	-	-	-	-
RM700,001-RM800,000	-	-	-	-
RM800,001-RM900,000	2	-	-	-
RM900,001-RM1,000,000	-	-	-	-
RM1,000,001-RM1,100,000	1	-	-	-

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32. TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expense recognised in profit or loss				
Current tax:				
Malaysian income tax	11,358	13,916	69	64
Overprovision in prior year	(327)	(1,651)	(1)	(2)
	11,031	12,265	68	62
Real property gain tax:				
Current year	22	9	-	-
Deferred tax (Note 25):				
Current year	652	4,082	-	-
Crystalisation of deferred tax liabilities	(256)	(329)	-	-
Overprovision in prior year	(381)	(923)	-	-
	15	2,830	-	-
	11,068	15,104	68	62

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

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32. TAXATION *(cont'd)*

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before tax	39,341	57,182	(13,275)	54,696
Taxation at statutory tax rate of 24% (2023: 24%)	9,442	13,724	(3,186)	13,127
Expenses not deductible for tax purposes	3,937	6,436	7,690	461
Income not subject to tax	(1,027)	(684)	(4,435)	(13,524)
Deferred tax assets not recognised	-	1	-	-
Crystalisation of deferred tax liabilities	(256)	(329)	-	-
Utilisation of previously unrecognised tax benefits	(342)	(1,479)	-	-
Overprovision of deferred tax in prior years	(381)	(923)	-	-
Overprovision of income tax in prior years	(327)	(1,651)	(1)	(2)
Real property gains tax	22	9	-	-
Tax expense for the financial year	11,068	15,104	68	62

	Group	
	2024	**2023**
	RM'000	**RM'000**
Unrecognised tax benefits carried forward are analysed as follows:		
Unabsorbed capital allowances	-	173
Unused tax losses	3,029	4,282
	3,029	4,455

Deferred tax assets have not been recognised in respect of those items as those companies in the Group may not have sufficient future taxable profits from which the above can be utilised or they have arisen in subsidiary companies that have a recent history of losses.

The availability of unused tax losses for offsetting against future taxable profits of the Company is subject to the requirements under the Income Tax Act 1967 and guidelines issued by the Inland Revenue Board.

32. TAXATION *(cont'd)*

Under the current tax legislation in Malaysia, unabsorbed losses from year of assessment ("YA") 2019 onwards can only be carried forward for a maximum period of 10 consecutive YAs. Unabsorbed losses for YA 2019 can be set off against income from any business source for 10 YAs and will be disregarded in YA 2030. Unabsorbed losses accumulated up to YA 2018 can be utilised for another 10 YAs and will be disregarded in YA 2029.

The unused tax losses can only be carried forward until year of assessment 2028.

33. DIVIDEND

	Group and Company	
	2024	**2023**
	RM'000	**RM'000**
Dividends recognised as distribution to ordinary shareholders of the Company:		
Interim single-tier dividend of RM0.01 per ordinary share share in respect of the financial period ended 31 December 2022 paid on 15 March 2023	-	27,473
First interim single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2023 paid on 20 September 2023	-	27,474
Second interim single-tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2023 paid on 15 March 2024	27,473	-

34. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

The basic EPS are calculated based on the consolidated profit for the financial year attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2024	**2023**
	RM	**RM**
Profit attributable to owners of the Company (RM'000)	27,518	41,906
Weighted average number of ordinary shares at 31 December (unit '000)	2,747,342	2,747,342
Basic EPS (sen)	1.00	1.53

34. EARNINGS PER SHARE ("EPS") *(cont'd)*

(b) Diluted EPS

The Company had no potential ordinary share in issue, thus no calculation on diluted earning per share.

35. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

The Group has related party relationships with its subsidiary companies, related companies, and related parties and key management personnel.

(b) Compensation of key management personnel

Remuneration of key management personnel (inclusive of the Directors' remuneration as disclosed in Note 31 to the financial statements) are as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Key management compensations:				
- Salaries, wages, bonus and Directors' fee	4,232	3,661	244	180
- Defined contribution plan	401	330	-	-
- Other emoluments *	142	116	26	21
	4,775	4,107	270	201

* Other emoluments included SOCSO, allowances, meeting allowance and etc.

The estimated monetary value of key management personnel's benefit-in-kind for the Group is RM54,200 (2023: RM54,200).

35. RELATED PARTY DISCLOSURES *(cont'd)*

(c) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal terms and conditions negotiated among the subsidiary companies, related companies and related parties. In addition to the related party balances disclosed in Notes 12, 13 and 14 to the financial statements, the significant related party transactions of the Group and the Company are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Advances to	-	-	201,810	120,950
Advance received	-	-	(23,200)	-
Dividend income	-	-	18,480	56,350
Related companies and related parties				
Revenue	(1,286)	(1,025)	-	-
Purchases	1,506	679	-	-
Management fee paid	1,888	1,560	-	-
Rental of lorry	287	258	-	-
Rental of premises	6,132	7,420	-	-
Storage charges	2,809	581	-	-
Transport charges	407	54	-	-
Proceeds received for disposal of assets	4	-	-	-
Purchase of assets	26	3	-	-

36. CAPITAL COMMITMENT

	Group	
	2024	2023
	RM'000	RM'000
Approved and contracted for:		
Renovation	1,269	-
Motor vehicle	121	-

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37. LEASE COMMITMENT

As at the end of the financial year, the Group has the following operating lease commitments in respect of rental of outlets. The future minimum lease payments under operating leases are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Within one year	800	-
Later than one year and not later than two years	804	-
Later than two years and not later than five years	1,588	-
	3,192	-

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position at reporting date by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Measured at amortised cost	**Measured at fair value through profit or loss**	**Total**
	RM'000	**RM'000**	**RM'000**
Group			
2024			
Financial assets			
Trade receivables	205,501	-	205,501
Other receivables	30,646	-	30,646
Amount due from related companies	24	-	24
Amount due from related parties	11	-	11
Derivative assets	-	328	328
Fixed deposits with financial institutions	480	-	480
Cash and bank balances	131,595	-	131,595
	368,257	328	368,585

NOTES TO THE FINANCIAL STATEMENTS

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38. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Classification of financial instruments *(cont'd)*

The following table analyses the financial assets and liabilities in the statements of financial position at reporting date by the class of financial instruments to which they are assigned, and therefore by the measurement basis: *(cont'd)*

	Measured at amortised cost RM'000	Measured at fair value through profit or loss RM'000	Total RM'000
Group			
2024			
Financial liabilities			
Trade payables	103,822	-	103,822
Other payables	40,670	-	40,670
Amount due to related companies	852	-	852
Lease liabilities	55,363	-	55,363
Hire purchase payables	2,425	-	2,425
Bank borrowings	222,961	-	222,961
	426,093	-	426,093
2023			
Financial assets			
Trade receivables	199,897	-	199,897
Other receivables	14,912	-	14,912
Amount due from related companies	340	-	340
Amount due from related parties	9	-	9
Other investment	12,138	-	12,138
Fixed deposits with financial institutions	538	-	538
Cash and bank balances	107,754	-	107,754
	335,588	-	335,588
Financial liabilities			
Trade payables	64,538	-	64,538
Other payables	37,447	-	37,447
Amount due to related companies	32	-	32
Amount due to related parties	23	-	23
Derivative liabilities	-	68	68
Lease liabilities	50,143	-	50,143
Hire purchase payables	3,550	-	3,550
Bank borrowings	216,322	-	216,322
	372,055	68	372,123

38. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Classification of financial instruments *(cont'd)*

	Measured at amortised cost RM'000 RM
Company	
2024	
Financial assets	
Other receivables	2
Amount due from subsidiary companies	67,730
Cash and bank balances	7,915
	75,647
Financial liabilities	
Other payables	2,224
Amount due to subsidiary companies	8,300
	10,524
2023	
Financial assets	
Other receivables	2
Amount due from subsidiary companies	64,750
Cash and bank balances	56,715
	121,467
Financial liabilities	
Other payables	3,681
Bank borrowings	15,000
	18,681

38. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Net (losses)/ gains arising from financing instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net (losses)/gains arising from:				
Financial assets measured at FVTPL	(332)	(113)	-	-
Financial assets measured at amortised cost	8,209	1,641	344	266
Financial liabilities measured at FVTPL	(55)	406	-	-
Financial liabilities measured at amortised cost	(15,576)	(17,455)	(1,042)	(198)
	(7,754)	(15,521)	(698)	68

(c) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its credit, liquidity, foreign currency, interest rate and market risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the company's exposure to credit risk arises principally from trade and other receivables, contract assets, fixed deposits with financial institutions, loans and advances to subsidiary companies, related companies, and related parties and financial guarantees given to financial institutions for credit facilities granted to subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial period represents the Group's and the Company's maximum exposure to credit risk. At the end of the reporting period, there was no indication that any subsidiary company, related company and related party would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(a) Trade receivables and contract assets

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms be subject to credit verification procedures.

Credit risk concentration profile

The Group has no significant concentration of credit risk except for the amounts owing by one (2023: two) customer which constituted approximately 18% (2023: 20%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk, credit quality and collateral

Trade receivable balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of trade receivables and contract assets as at the end of the reporting period.

Ageing analysis of trade receivables and impairment losses

Information regarding ageing analysis of trade receivables and impairment losses is disclosed in Note 8 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 8 to the financial statements.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group categorises trade receivables and contract assets as impaired when a debtor fails to make contractual payments for an extended period, generally after more than 365 days past due. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage to repayment plan with the Group. Where trade receivables and contract assets have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(a) Trade receivables and contract assets *(cont'd)*

Financial assets that are past due but not impaired *(cont'd)*

The following are credit risk management practices and quantitative and qualitative information about ageing analysis and amounts arising from expected credit losses for trade receivables and contract assets.

The Group provides for lifetime expected credit losses for all trade receivables and contract assets. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product is expected to deteriorate over the next year, leading to increase in the number of defaults.

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(a) Trade receivables and contract assets *(cont'd)*

The loss allowance provision as at the end of each reporting period is determined as follows:

	Contract assets	Current	30 days past due	60 days past due	90 days past due	120 days past due	>120 days past due	Total
Group								
31 December 2024								
Loss rate (%)	-	-	2.78	0.15 - 1.77	1.62 - 6.51	0.69 - 14.13	0.79 - 6.63	
Gross carrying amount (RM'000)	21,863	82,733	46,810	40,964	12,296	4,190	22,013	
Loss allowance (RM'000)	-	-	15	333	49	41	781	1,219
Impaired receivables (RM'000)	-	70	-	-	-	4	2,212	2,286
Total impairment								3,505

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(a) Trade receivables and contract assets *(cont'd)*

The loss allowance provision as at the end of each reporting period is determined as follows:

	Contract assets	Current	30 days past due	60 days past due	90 days past due	120 days past due	>120 days past due	Total
Group								
31 December 2023								
Loss rate (%)	-	8.03	1.93 - 10.76	-	2.12	0.94 - 7.51	0.70 - 58.49	
Gross carrying amount (RM'000)	9,998	76,908	40,317	23,638	20,080	11,134	32,942	
Loss allowance (RM'000)	-	511	81	-	2	-	274	868
Impaired receivables (RM'000)	-	7	14	179	-	168	3,886	4,254
Total impairment								5,122

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(b) Other receivables

At the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

At the end of reporting period, the Group and the Company did not recognised any allowance for impairment losses.

(c) Amount due from subsidiary companies, related companies and related parties

The Group and the Company considers loans and advances to subsidiary companies, related companies and related parties have low credit risk. The Group and the Company assumes that there is a significant increase in credit risk when the financial position of the receivables deteriorates significantly. As the Group and the Company are able to determine the timing of payment of the loan and advances to be in default when the receivables are not able to pay when demanded. The Company considers the loan or advances to be credit impaired when:

- the receivables unlikely to repay its loan or advances to the Group and the Company in full; or
- the receivables is continuously loss making and is having a deficit shareholders' fund.

At the end of reporting period, the Group and the Company did not recognised any allowance for impairment losses.

(d) Other financial instruments

For other financial assets (including fixed deposits with financial institution and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. As at the end of the reporting period, there was no indication that there are other financial assets are impaired except for other investment.

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38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(i) Credit risk *(cont'd)*

(d) Other financial instruments *(cont'd)*

The following tables provides information about the exposure to credit risk and expected credit losses for other investment.

	Gross amount RM'000	Impairment loss RM'000	Carrying amount RM'000
31 December 2024			
Other investment			
Credit impaired	3,500	(3,500)	-
31 December 2023			
Other investment			
Credit impaired	12,494	(356)	12,138

(e) Financial guarantees contracts

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	222,194	210,002
Corporate guarantees given to suppliers to secure credit limit granted to the subsidiary companies	-	-	2	-
Bank guarantee given to licensed bank, suppliers and customers	3,873	3,072	-	-
Bank guarantee given to utilities company	305	413	-	-
Bank guarantee for port charges	709	950	-	-
Letter of credit issued by licensed banks	5,632	4,541	-	-

NOTES TO THE FINANCIAL STATEMENTS

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38. Financial instruments *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the maturity profile of the Group's and the Company's financial liabilities as at reporting date. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company are required to pay.

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38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(ii) Liquidity risk *(cont'd)*

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Group						
2024						
Financial liabilities						
Trade payables	103,822	-	-	-	103,822	103,822
Other payables	40,670	-	-	-	40,670	40,670
Amount due to related companies	852	-	-	-	852	852
Lease liabilities	8,989	7,119	18,408	37,510	72,026	55,363
Hire purchase payables	1,051	866	664	-	2,581	2,425
Bank borrowings	192,012	9,876	17,672	12,812	232,372	222,961
Financial guarantees contracts*	10,519	-	-	-	10,519	-
	357,915	17,861	36,744	50,322	462,842	426,093

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(ii) Liquidity risk *(cont'd)*

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Group						
2023						
Financial liabilities						
Trade payables	64,538	-	-	-	64,538	64,538
Other payables	37,447	-	-	-	37,447	37,447
Amount due to related companies	32	-	-	-	32	32
Amount due to related parties	23	-	-	-	23	23
Derivative liabilities	68	-	-	-	68	68
Lease liabilities	6,490	5,840	16,534	37,036	65,900	50,143
Hire purchase payables	1,412	1,891	516	-	3,819	3,550
Bank borrowings	226,082	10,023	23,425	14,964	274,494	216,322
Financial guarantees contracts*	8,976	-	-	-	8,976	-
	345,068	17,754	40,475	52,000	455,297	372,123

38. **FINANCIAL INSTRUMENTS** *(cont'd)*

(c) **Financial risk management objectives and policies** *(cont'd)*

(ii) **Liquidity risk** *(cont'd)*

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Company						
2024						
Financial liabilities						
Other payables	2,224	-	-	-	2,224	2,224
Amount due to subsidiary companies	8,300	-	-	-	8,300	8,300
Financial guarantees contracts*	222,196	-	-	-	222,196	-
	232,720	-	-	-	232,720	10,524
2023						
Financial liabilities						
Other payables	3,681	-	-	-	3,681	3,681
Bank borrowings	15,000	-	-	-	15,000	15,000
Financial guarantees contracts*	210,002	-	-	-	210,002	-
	228,683	-	-	-	228,683	18,681

* This has been included for illustration purpose only as the related financial guarantees contracts have not crystalised as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(iii) Market risks

- Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily the United States Dollar (USD).

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

Group	**Denominated in**			
	USD	**SGD**	**CNY**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
31 December 2024				
Deposits, cash and bank balances	1,181	-	37	1,218
Trade receivables	2,213	-	-	2,213
Other receivables	6,184	-	-	6,184
Derivative assets	11,164	-	-	11,164
Trade payables	(9,137)	-	-	(9,137)
Derivative liabilities	(8,960)	-	-	(8,960)
Bank borrowings	(550)	-	(372)	(922)
	2,095	-	(335)	1,760
31 December 2023				
Deposits, cash and bank balances	1,173	-	-	1,173
Trade receivables	2,126	11	-	2,137
Other receivables	9,417	-	-	9,417
Trade payables	(5,948)	-	-	(5,948)
Derivative liabilities	(68)	-	-	(68)
Bank borrowings	(12,278)	-	-	(12,278)
	(5,578)	11	-	(5,567)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(iii) Market risks *(cont'd)*

- Foreign currency exchange risk *(cont'd)*

<u>Foreign currency sensitivity analysis</u>

Group	Change in currency rate	2024 Effect on profit before tax	2023 Effect on profit before tax
	RM	RM'000	RM'000
USD	Strengthened 10%	210	(558)
	Weakened 10%	(210)	558
SGD	Strengthened 10%	-	1
	Weakened 10%	-	(1)
CNY	Strengthened 10%	(34)	-
	Weakened 10%	34	-

- Interest rate risk

The Group's and the Company's fixed rate deposits placed with financial institutions and bank borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Financial risk management objectives and policies *(cont'd)*

(iii) Market risks *(cont'd)*

- Interest rate risk *(cont'd)*

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Group		
Fixed rate instruments		
Fixed deposits with financial institutions	480	538
Lease liabilities	55,363	50,143
Hire purchase payables	2,425	3,550
	58,268	54,231
Variable rate instruments		
Bank borrowings	222,961	216,322
Company		
Variable rate instruments		
Bank borrowings	-	15,000

Interest rate sensitivity analysis

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

<u>Cash flow sensitivity analysis for variable rate instruments</u>

A change in 1% interest rate at the end of the reporting period, with all other variable being held constant, would have increased/(decreased) the Group's and the Company's profit before tax by RM2,222,961 and Nil (2023: RM2,163,220 and RM150,000) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

38. FINANCIAL INSTRUMENTS *(cont'd)*

(c) Fair value of financial instruments

(i) Financial instruments not carried at fair value

Financial assets and financial liabilities not carried at fair value are disclose in Note 38(a) of the financial statements. These financial instruments are carried at the amounts approximate of their fair values on the statements of financial position of the Group and of the Company due to the relatively short-term maturity of these financial instruments and the Group and the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial period, the carrying amounts of floating rate term loans approximate their fair values as their interest rates change accordingly to movements in the market interest rates.

(ii) Financial instruments carried at fair value

Financial assets carried at fair value are disclosed in Note 38(a) of the financial statements. The fair value of the financial assets at fair value through profit or loss is at level 2. There was no material transfer between Level 1, 2 and 3 during the reporting periods.

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including 'current and non-current bank borrowings and hire purchase payables as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt. The gearing ratios at end of the reporting period are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Hire purchase payables	2,425	3,550
Bank borrowings	222,961	216,322
Less: Cash and cash equivalents (including fixed deposits pledged to financial institutions)	(132,075)	(108,292)
Net debts	93,311	111,580
Total equity	347,110	339,641
Gearing ratio (times)	0.27	0.33

39. CAPITAL MANAGEMENT *(cont'd)*

There were no changes in the Group's approach to capital management during the financial period.

The Group and the Company are not subject to any externally imposed capital requirement other than as disclosed in Note 23 to the financial statements.

40 SEGMENT INFORMATION

The Group has three reportable segments as below:

(a) Fertilisers
(b) Industrial and consumer
(c) Investment holding

For each segment, the management reporting the operating segment results separately and the operating decision maker (i.e. the Group's Managing Director) reviews the results of operating segment at least on a quarterly basis.

	Fertilisers	Industrial and consumer	Investment holding	Group
	RM'000	RM'000	RM'000	RM'000
At 31 December 2024				
Revenue				
Total revenue	926,920	183,381	23,529	1,133,830
Inter-segment elimination	(121,380)	(23,421)	(23,529)	(168,330)
External revenue	805,540	159,960	-	965,500
Results				
Depreciation of property, plant and equipment	12,023	4,959	138	17,120
Finance cost	13,763	901	1,060	15,724
Finance income	(968)	(415)	(392)	(1,775)
Gain on disposal of property, plant and equipments	(44)	(430)	-	(474)
Property, plant and equipment written off	3	10	-	13
Inventories written down	371	88	-	459
Inventories written off	-	166	-	166
Net impairment loss/(gain) on financial assets	3,313	(418)	(4)	2,891
Segment profit/(loss) before tax	36,024	26,709	(23,392)	39,341
Segment assets	605,316	196,400	9,559	811,275
Segment liabilities	400,140	60,777	3,248	464,165

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2024
cont'd

40 SEGMENT INFORMATION *(cont'd)*

	Fertilisers RM'000	Industrial and consumer RM'000	Investment holding RM'000	Group RM'000
At 31 December 2023				
Revenue				
Total revenue	1,007,326	75,279	115,675	1,198,280
Inter-segment elimination	(141,060)	(4,559)	(115,675)	(261,294)
External revenue	866,266	70,720	-	936,986
Results				
Depreciation of property, plant and equipment	13,648	3,685	36	17,369
Finance cost	15,613	364	198	16,175
Finance income	(525)	(226)	(293)	(1,044)
Gain on disposal of property, plant and equipments and assets held for sale	(82)	(276)	(284)	(642)
Property, plant and equipment written off	194	227	-	421
Inventories written down	487	92	-	579
Inventories written off	5,554	1	-	5,555
Net impairment (gain)/loss on financial assets	(1,037)	287	(6)	(756)
Segment profit/(loss) before tax	57,168	6,478	(6,464)	57,182
Segment assets	563,853	126,969	58,982	749,804
Segment liabilities	355,532	34,745	19,886	410,163

No geographical segmental information are presented as the Group currently operate and derived revenue in Malaysia, the revenue from the foreign customers is immaterial and less than 10% to the Group's revenue.

Major customer

The following is the major customer with revenue equal or more than 10% of the Group's revenue:

	Revenue 2024 RM'000	Revenue 2023 RM'000	Segment
Customer A	146,579	128,137	**Fertilisers**

41. SIGNIFICANT EVENTS

(a) During the financial year

(i) On 18 June 2024, Bursa Malaysia Securities Berhad approved the transfer of the Company's entire issued share capital from the ACE Market to the Main Market under the Industrial Products & Services sector. The transfer was effective from 28 June 2024.

(ii) On 29 August 2024, the Group has, through its wholly-owned subsidiaries, Sin Chee Heng Sdn. Bhd. ("SCH") and its indirect wholly-owned subsidiary, PK Fertilizers Sdn. Bhd. ("PKF") respectively, entered into two conditional sale and purchase agreements ("SPAs") with Pacific Trustees Berhad ("Pacific Trustees"), being the trustee of KIP Real Estate Investment Trust ("KIP REIT") for the disposals of the following properties as disclosed in Note 5(f) to the financial statements:

a) leasehold land and buildings D ("Property D") owned by SCH with carrying amount of RM22,098,626 for a consideration of RM22,600,000; and

b) leasehold land and buildings C ("Property C") owned by PKF with carrying amount of RM19,450,645 for a consideration of RM23,300,000.

Simultaneously with the executions of the SPAs, SCH and PKF had respectively signed the Properties Tenancy Agreements in-escrow with Pacific Trustees for 12-year and 15-year rental of the properties from KIP REIT upon the terms and covenants contained therein. The said tenancies are conditional and will commence upon the completion of the sales of properties, respectively.

Additionally, the Group has through its indirect wholly-owned subsidiary, Hextar Solutions Sdn. Bhd. ("HSO") entered into a tenancy agreement in-escrow with Pacific Trustees for a property ("Property G") from KIP REIT upon the terms and conditions agreed between them. The said tenancy will commence upon the completion of a proposed disposal of the said property from the current landlord, Teju Logistics Sdn. Bhd. to Pacific Trustees, based on a conditional sale and purchase agreement dated on 29 August 2024.

(iii) On 29 November 2024, Global Aroma Sdn. Bhd. ("GASB"), a wholly-owned subsidiary of the Company, has entered into a Master Development and Operating Agreement with Luckin Coffee Holding Singapore Pte. Ltd.. The agreement grants GASB the rights to develop, open, and operate coffee shops under the 'Luckin Coffee' brand in Malaysia.

(b) Subsequent to the financial year

The proposed disposals and tenancies disclosed in Note 41(a)(ii) to the financial statements were subsequently approved by the Company's shareholders during an Extraordinary General Meeting ("EGM") held on 24 January 2025.

The disposal of Property D had been completed on 26 February 2025 and the tenancy agreement that were signed in-escrow between SCH and Pacific Trustees has been dated and effective on 26 February 2025.

As of the date of this report, the disposal of Property C and tenancy arrangement of Property G are pending fulfilment of the Condition Precedent outlined in the Sales and Purchase Agreement dated 29 August 2024.

LIST OF PROPERTIES

No.	Registered owner	Location / Tenure	Description of property / Existing use	Land Area / Built Up Area (sqm)	Date of Acquisition / [Revaluation]	Approximate age of building (Years)	Carrying Amount @ 31 Dec 2024
1	HSO	Individual title yet to be issued. Presently held under master land title CL 115435946 Lot 33A, POIC Lahad Datu Phase 2, Off Jalan Kilang, 91100 Lahad Datu, Sabah. Leasehold	Industrial Lot Erected with Industrial Buildings	67,380	2007 (Acquisition) 28.10.2024 (Revaluation) RM32,216,000	17	32,051,861
2	PKF	Individual title held under Provisional Lease 116282985 MDLD 3790, Batu 4, Jalan Tengah Nipah, 91111 Lahad Datu, Sabah. Leasehold	Land eracted with fertiliser warehouses and ancillary buildings	53,300	1959 (Acquisition) 03.12.2024 (Revaluation) RM28,000,000	65	27,931,311
3	SCH	Individual title held under industrial H.S.(M) 13156, PT 23677, Mukim Ceras, Tempat Cheras Jaya, Daerah Hulu Langat, Negeri Selangor. Lot 35, Jalan CJ 1/1, Kawasan Perusahaan Cheras Jaya, 43200 Cheras, Selangor Darul Ehsan. Leasehold	4 storey building with offices and warehouse	8,510	2010 (Acquisition) 26.06.2024 (Revaluation) RM22,300,000	14	22,049,391
4	PKFS	Title held under held No. Lot 4061 Block 26 Kemena Land District. Lot 4061, Kidurong Light Industrial Estate (KLIE), Jalan Kidurong, 97000 Bintulu, Sarawak. Leasehold	Single-storey detached industrial warehouse	16,302	1998 (Acquisition) 13.05.2022 (Revaluation) RM19,200,000	26	16,808,320
5	PKF	Individual title held under GRN 489953, Lot 66247, Mukim Plentong, Daerah Johor Bahru, Negeri Johor. Lot 117, Jalan Pukal, Kawasan Perindustrian Lembaga Pelabuhan Johor, 81700 Pasir Gudang, Johor Darul Takzim. Leasehold	Leasehold industrial land eracted upon with a Single Storey Detached Factory with Mezzanine Floor	23,119	1990 (Acquisition) 21.06.2024 (Revaluation) RM19,900,000	34	19,450,645

LIST OF PROPERTIES
cont'd

No.	Registered owner	Location / Tenure	Description of property / Existing use	Land Area / Built Up Area (sqm)	Date of Acquisition / [Revaluation]	Approximate age of building (Years)	Carrying Amount @ 31 Dec 2024
6	SME	Master title held under Parent Lot 594, Block 238, Kuching North Land District, Sarawak. Sublot No. 10, Wismacom Industrial Park, 8 ½ Mile, Jalan Batu Kitang. 93250 Kuching, Sarawak. Leasehold	2-storey semi-detached industrial building	681	2016 (Acquisition) 20.09.2024 (Revaluation) RM1,200,000	8	1,194,450
7	HMT	Strata title held under GRN 312352/M1/14/292, Lot 7833, Mukim Bandar Subang Jaya, Daerah Petaling, Negeri Selangor. Unit No. N-13-02, First Subang, Jalan SS15/4G, 47500 Subang Jaya, Selangor. Freehold	13th floor of a 17-storey retail cum office building	86	2012 (Acquisition) 31.01.2024 (Revaluation) RM650,000	12	637,000

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

SHARE CAPITAL

Total Number of Issued Shares	:	2,747,341,623
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 MARCH 2025

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
1 to 99	493	22,069	0.000
100 to 1,000	562	304,710	0.011
1,001 to 10,000	1,842	10,986,282	0.399
10,001 to 100,000	1,641	62,680,051	2.281
100,001 - 137,367,080*	641	1,660,779,911	60.450
137,367,081 and above**	5	1,012,568,600	36.856
Total	**5,184**	**2,747,341,623**	**100.000**

Remark:
* - *Less than 5% of Issued Shares*
** - *5% and above of Issued Shares*

SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025

		No. of Shares held		No. of Shares held	
No.	**Name of Substantial Shareholder**	**Direct**	**%**	**Indirect**	**%**
1	Hextar Holdings Sdn Bhd	1,401,184,997	51,001	-	-
2	Dato' Ong Choo Meng	-	-	1,401,184,997[(a)]	51.001
3	Dato' Ong Soon Ho	-	-	1,401,184,997[(a)]	51.001

Notes

(a) *Deemed interest for the shares held by Hextar Holdings Sdn. Bhd. Pursuant to Section 8 of the Companies Act, 2016*

STATISTICS OF SHAREHOLDINGS
AS AT 28 MARCH 2025
cont'd

DIRECTORS' INTERESTS IN SHARES AS AT 28 MARCH 2025

		No. of Shares held		No. of Shares held	
No.	**Name of Director**	**Direct**	**%**	**Indirect**	**%**
1	Dato Sri Dr Chee Hong Leong	-	-	-	-
2	Ang Sui Aik, Benny	100,000	0.004	-	-
3	Sham Weng Kong, Alex	1,800,000	0.066	-	-
4	Ong Tzu Chuen	-	-	-	-
5	Oon Seow Ling	-	-	-	-
6	Shahjanaz Binti Datuk Kamaruddin	-	-	-	-
7	Liew Jee Min @ Chong Jee Min	-	-	-	-

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 28 MARCH 2025)

No.	Name of Shareholders	No. of Shares	Percentage of Shareholdings (%)
1	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank (M) Bhd for Hextar Holdings Sdn. Bhd. (BX1213)	285,000,000	10.373
2	Hextar Holdings Sdn. Bhd.	204,568,600	7.446
3	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd.	200,000,000	7.279
4	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - Al Rajhi Bank for Hextar Holdings Sdn. Bhd.	185,000,000	6.733
5	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd. (MGN-OCM0001M)	138,000,000	5.023
6	CIMB Group Nominees (Tempatan) Sdn Bhd - Pembangunan Sumber Manusia Berhad	136,888,500	4.982
7	Al Rajhi Banking & Investment Corp (M) Bhd - Pledged Securities Account for Legion Management Sdn. Bhd. (Acc 1)	125,000,000	4.549
8	Al Rajhi Banking & Investment Corp (M) Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd. (Acc 2)	96,000,000	3.494
9	Pertubuhan Keselamatan Sosial	95,264,100	3.467
10	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd.	71,616,397	2.606
11	Al Rajhi Banking & Investment Corp (M) Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd.	66,000,000	2.402
12	Al Rajhi Banking & Investment Corp (M) Bhd - Pledged Securities Account for Agilevest Sdn. Bhd. (Acc 2)	62,190,000	2.263
13	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Hextar Holdings Sdn. Bhd. (M3918A)	55,000,000	2.001

STATISTICS OF SHAREHOLDINGS

AS AT 28 MARCH 2025
cont'd

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 28 MARCH 2025) *(cont'd)*

No.	Name of Shareholders	No. of Shares	Percentage of Shareholdings (%)
14	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Ah Chai	51,620,000	1.878
15	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank Islamic Bhd for Hextar Holdings Sdn Bhd	50,000,000	1.819
16	Mok Yau Choy	37,050,000	1.348
17	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Desiran Realiti Sdn. Bhd. (MY3933)	32,116,000	1.168
18	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd. (MGN-OTC0005M)	20,000,000	0.727
19	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Holdings Sdn. Bhd. (MGN-LWY0001M)	20,000,000	0.727
20	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Kim San (7014763)	19,500,000	0.709
21	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chin Hin Group Berhad (MY4563)	19,360,200	0.704
22	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Choon Hwa (3009786)	16,984,700	0.618
23	Chong Yoke Sim	16,481,800	0.599
24	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Choon Hwa (7007201)	16,200,000	0.589
25	Wong Kin Seng	15,911,694	0.579
26	Mok Yau Choy	13,200,000	0.480
27	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lok Boon Cheng (7008555)	13,001,000	0.473
28	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Andrew Tan Jun Suan (MY1868)	12,900,900	0.469
29	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Cheong Kong Fitt (MY4512)	10,884,700	0.396
30	Maybank Nominees (Tempatan) Sdn Bhd - Redvest Wealth and Asset Management Sdn Bhd for Globetronics Manufacturing Sdn. Bhd. (459398)	10,750,000	0.391
	TOTAL	**2,096,488,591**	**76.309%**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting ("AGM") of Hextar Industries Berhad ("HIB" or "the Company") will be held at Level 17, Hextar Tower, Empire City Damansara, Jalan PJU 8/1, Damansara Perdana, 47820 Petaling Jaya, Selangor on Thursday, 22 May 2025 at 10:00 a.m., for the purpose of transacting the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 1**

2. To approve the Directors' fees amounting of up to RM350,000.00 for the period from 13th AGM until the conclusion of the 14th AGM of the Company. — **Ordinary Resolution 1**

3. To approve the payment of Directors' benefits of up to RM50,000.00 for the period from 13th AGM until the conclusion of the 14th AGM of the Company. — **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to Clause 103(1) of the Company's Constitution and being eligible, have offered themselves for re-election:

   i. Ong Tzu Chuen — **Ordinary Resolution 3**
   ii. Sham Weng Kong — **Ordinary Resolution 4**

5. To re-elect Liew Jee Min @ Chong Jee Min who is retiring pursuant to Clause 110 of the Company's Constitution and being eligible, have offered himself for re-election. — **Ordinary Resolution 5**

6. To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 6**

SPECIAL BUSINESSES:
To consider and, if thought fit, to pass the following Resolution:

7. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 7**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and other relevant authorities, where approval is necessary, authority be and is hereby given to the Directors to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares to be issued shall not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad allowed for the time being AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 61 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

8. **Proposed renewal of authority to purchase of own Shares by the Company ("Proposed Renewal of Share Buy-Back Authority")** **Ordinary Resolution 8**

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of shares purchased does not exceed ten per centum (10%) of its total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits as at the time of purchase; and
(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or to retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

THAT such authority conferred by this resolution shall commence immediately upon the passing of this resolution until:

(i) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions;
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earliest.

AND THAT the Board be and is hereby authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

9. **Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature** **Ordinary Resolution 9**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 23 April 2025 ("Proposed Shareholders' Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company following the AGM at which such ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during a financial year will be disclosed, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in the Annual Report of the Company for the said financial year;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

10. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

TAN TONG LANG (MAICSA 7045482 /SSM PC No. 202208000250)
TAN LAY KHOON (MAICSA 7077867/ SSM PC No. 202208000544)
LEE KOK PING (MIA 44986 / SSM PC No. 202008004407)
Company Secretaries

Kuala Lumpur
23 April 2025

NOTICE OF ANNUAL GENERAL MEETING
cont'd

Notes:

1. *A member/shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member/shareholder appoints more than one proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

2. *Where a member of the Company is an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but 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.*

3. *Where a member of the Company is an exempt authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA which holds ordinary shares in the Company for multiple beneficial owners in one 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.*

4. *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 this 13th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:-*

   In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office, 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 or alternatively, deposit into the Drop-In Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

   By electronic form
   The proxy form can be electronically lodged via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy from via TIIH Online.

5. *For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment at the Share Registrar's office, 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 or alternatively, deposit into the Drop-In Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:-*

   i. *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.*
   ii. *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:*
      a. *at least two (2) authorized officers, of whom one shall be a director; or*
      b. *any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.*

6. *For purposes of determining a member who shall be entitled to attend/ speak or vote at the 13th AGM, the Company shall be requesting a Record of Depositors as at 9 May 2025 and only members whose name appears on such Record of Depositors dated 9 May 2025 shall be entitled to attend and/or vote at the 13th AGM or appoint a proxy or proxies to attend and/ or vote on his/her behalf.*

7. *The resolutions set out in this notice of 13th AGM will be put to vote by poll.*

NOTICE OF ANNUAL GENERAL MEETING
cont'd

EXPLANATORY NOTES

1. ***Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2024***

   Agenda item no. 1 is meant for discussion only as the provisions of Section 340 of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. ***Ordinary Resolutions 1 – Directors' Fees***

   Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a Company, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Thirteenth Annual General Meeting ("13th AGM") on the Directors' fees and benefits.

   The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' fee and benefits are insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

   For information, the shareholders at the Twelfth (12th) AGM had approved the payment of Directors' fees of up to RM350,000.00 to the Directors of the Company for the period from 12th AGM until the conclusion of the 13th AGM.

3. ***Ordinary Resolution 2 – Directors' Benefits***

   The proposed benefits of RM50,000.00 from the 13th AGM up to the conclusion of the 14th AGM of the Company payable to the Directors comprises meeting allowances.

   In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. ***Ordinary Resolutions 3, 4 and 5 – Re-election of Directors***

   Clause 103(1) of the Constitution of the Company provides that one-third of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election provided always that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

   For the purpose of determining the eligibility of the Director to stand for re-election at this AGM, the Board through its Nomination and Remuneration Committee had assessed the performance and contribution of each of the retiring Director. Based on the results of the respective Directors' performance evaluation conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, each of the Independent Directors has also provided his/her annual declaration/ confirmation of independence.

   The retiring Directors, Ong Tzu Chuen and Sham Weng Kong have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Committee meetings.

   Clause 110 of the Constitution of the Company provides that any Director appointed during the year shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

   Liew Jee Min @ Chong Jee Min, who was appointed on 1 March 2025 is standing for re-election as Director of the Company at the 13th AGM.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

5. Ordinary Resolution 6 – Re-appointment of Auditors

The Audit Committee ("AC") has on 10 April 2025 carried out an assessment of the suitability and independence of the External Auditors, Messrs Ecovis Malaysia PLT ("Ecovis") and was satisfied with the suitability of Ecovis based on the quality of audit, performance, competency, and sufficiency of resources of the external audit team provided to the Group.

The AC in its assessment also found Ecovis to be sufficiently objective and independent. The Board therefore approved the AC's recommendation on the re-appointment of Ecovis as External Auditors of the Company for the financial year ending 31 December 2025 be put forward for the shareholders' approval at the 13th AGM.

6. Ordinary Resolution 7 – Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 21 May 2024.

7. Ordinary Resolution 8 – Proposed renewal of authority to purchase of own Shares by the Company

This Ordinary Resolution 8, if passed, will provide the mandate to the Company to buy back its own shares up to a maximum of 10% of the total number of issued shares of the Company pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

For further information, please refer to the Circular to Shareholders dated 23 April 2025 which is despatched together with the Company's Annual Report 2024.

8. Ordinary Resolution 9 – Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

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

For further information on this resolution, please refer to the Circular to Shareholders dated 23 April 2025 which is despatched together with the Annual Report 2024.

STATEMENT ACCOMPANYING NOTICE OF AGM

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

1. **Details of individuals who are standing for election (excluding directors standing for a re-election) as Directors.**

   There are no individuals who are standing for election as Directors at this 13th AGM.

2. **General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.**

   Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 6 of this Notice.

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HEXTAR INDUSTRIES BERHAD
[Registration No. 201101044580 (972700-P)] (Incorporated in Malaysia)

PROXY FORM
(Before completing this form please refer to the notes below)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I / We *(Full Name in Block Letters)* ____

NRIC No./Passport No./Company No. ____

of ____

being a member / members of Hextar Industries Berhad [Registration No. 201101044580 (972700-P)], hereby appoint

Name of Proxy	NRIC No./ Passport No.	Percentage of Shareholdings to be Represented:
Address		
Contact /Email:		

and / or failing him/her

Name of Proxy	NRIC No./ Passport No.	Percentage of Shareholdings to be Represented:
Address		
Contact /Email:		

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on my/our behalf at the Thirteenth (13^{th}) Annual General Meeting of the Company which will be held at Level 17, Hextar Tower, Empire City Damansara, Jalan PJU 8/1, Damansara Perdana, 47820 Petaling Jaya, Selangor on Thursday, 22 May 2025 at 10:00 a.m. and at any adjournment thereof in the manner as indicate below:-

No.	Resolutions	For	Against
1.	**Ordinary Resolution 1** To approve the Directors' fees amounting of up to RM350,000.00 for the period from 13^{th} AGM until the conclusion of the 14^{th} AGM of the Company.		
2.	**Ordinary Resolution 2** To approve the payment of Directors' benefits of up to RM50,000.00 for the period from 13^{th} AGM until the conclusion of the 14^{th} AGM of the Company.		
3.	**Ordinary Resolution 3** To re-elect Ong Tzu Chuen who is retiring pursuant to Clause 103(1) of the Company's Constitution and being eligible, has offered herself for re-election.		
4.	**Ordinary Resolution 4** To re-elect Sham Weng Kong who is retiring pursuant to Clause 103(1) of the Company's Constitution and being eligible, has offered himself for re-election.		
5.	**Ordinary Resolution 5** To re-elect Liew Jee Min @ Chong Jee Min who is retiring pursuant to Clause 110 of the Company's Constitution and being eligible, has offered himself for re-election.		
6.	**Ordinary Resolution 6** To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	**Ordinary Resolution 7** To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
8.	**Ordinary Resolution 8** Proposed renewal of authority to purchase of own Shares by the Company.		
9.	**Ordinary Resolution 9** Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this ______________ day of __________________ 2025

Signature: ____
(If shareholder is a corporation, this form should be executed under seal)

Fold This Flap For Sealing

NOTES:

1. *A member/shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. Where a member/shareholder appoints more than one proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
2. *Where a member of the Company is an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but 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.*
3. *Where a member of the Company is an exempt authorised nominee defined under the SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
4. *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 this 13th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:-*

   In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar's office, 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 or alternatively, deposit into the Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

   By electronic form

   The proxy form can be electronically lodged via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy from via TIIH Online.

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AFFIX
STAMP

THE SHARE REGISTRAR OF
HEXTAR INDUSTRIES BERHAD
[Registration No. 201101044580 (972700-P)]
c/o 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

1st Fold Here

5. *For a corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment at the Share Registrar's office, 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 or alternatively, deposit into the Drop-in Box located at Unit G-2, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:-*
   - i. *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.*
   - ii. *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:*
     - a. *at least two (2) authorized officers, of whom one shall be a director; or*
     - b. *any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.*
6. *For purposes of determining a member who shall be entitled to attend/ speak or vote at the 13th AGM, the Company shall be requesting a Record of Depositors as at 9 May 2025 and only members whose name appears on such Record of Depositors dated 9 May 2025 shall be entitled to attend and/or vote at the 13th AGM or appoint a proxy or proxies to attend and/ or vote on his/her behalf.*
7. *The resolutions set out in this notice of 13th AGM will be put to vote by poll.*

HEXTAR INDUSTRIES BERHAD
201101044580 (972700-P)

No. 63 & 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia.
Tel. : +603 3003 3333 **Email** : finance.hexind@hextar.com

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