HEXTAR GLOBAL BERHAD

(Formerly Known As Halex Holdings Berhad)

199001014551 (206220-U)

ANNUAL REPORT 2019

CONTENTS

COVER RATIONALE

COLOUR

BLUE represents the main and corporate colour of Hextar Logo. It symbolises authority, loyalty, power, professionalism and trust with depth, stability and wisdom which Hextar benefits from its holding company.

GREEN represents hope, renewal and revival. A green plant is a nature itself. In virtually all cultures, green has traditionally been used to symbolise nature, namely those of life, fertility, and rebirth and spiritual themes like resurrection and immortality.

WHITE is normally being associated with purity, innocence, goodness and celibacy. It signifies how Hextar's past slowly evolving to vibrant colours of today and the future. It is also considered to be the colour of perfection which Hextar is predisposed to achieving.

DESIGN

The diamond symbol has long been valued for its immaculate beauty. Its physical appearance is associated with valuable attributes that are relevant to living a meaningful life, such as purity, clarity and wisdom. The wisdom that diamonds evoke is not an ordinary one: it is of a higher nature that goes above the trivialities of everyday life. This correctly portrays that the Company observes and ensures the growth of the company is contained in parallel incline with its compliances with the regulatory requirements and legal framework to ensure good corporate governance and sustainability.

The diamond symbolism also conveys messages of rebirth, revival, and transformation. This directly applies to Hextar as the Company continually strive to be better through proactive changes as market evolve in this very fast phase (dynamic). The core, where the points of each diamond meet, symbolises the unity that exists between all of the companies that is under the Company.

The green field on the other hand symbolic of fertility and growth where it portrays that the Group had grown bigger in 2019. This also denotes how Hextar is able to put its name in the list of top players in the agrochemical market.

The research and development ("R&D") lab symbolises the Company's R&D which focus on developing new improved formula and products for all so that our customers can achieve wonderful/splendid results in agrochemical usage. The Company keeps up with the latest technology. We are proud to be one of the few companies that is ISO17025 certified as Accredited Laboratory.

OUR VISION/MISSION/CORE VALUES

Our logo was taken from our company name which has been commenced since 1985. The Hextar brand has been marketing its place as one of Malaysia's foremost agrochemical companies. It has been established for 35 years with more than 500 products successfully registered in Malaysia and globally. Our group's operations have now expanded to 7 countries and 500 team members, serving as the best supporting system for our customers and suppliers in more than 30 countries across several continents.

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

OUR CORE VALUES

Hextar believes in operating business with:

LOYALTY

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

INTEGRITY

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

HARDWORK

A great deal of effort or endurance

MISSION

We build shareholder value by carving a niche in the global arena; earn the respect of the market for outstanding products and services; endorse human capital development and enhance business synergy in diversity.

VISION

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

CORPORATE PROFILE

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

Hextar and its subsidiaries ("Group") started off in 1980 with Halex (M) Sdn Bhd, a trading company importing and distribution of agrochemicals and fertilizers located in Johor Bahru. On 30th April 2019, the Group had completed the acquisition of the entire equity interest of Hextar Chemicals Limited. With the acquisition, Hextar Group increased its product registration from below 100 products to well over 500 products. We currently have production facilities in Selangor and Johor. On 29th May 2019, Hextar had officially changed its name from Halex Holdings Berhad. Currently, the Group's corporate office is located in Klang, Selangor Darul Ehsan, Malaysia.

Hextar Group has core competencies in the agriculture industry underpinned by its strength in research and development and commercialisation and marketing of product registration ranging from herbicides, pesticides to fungicides. These products are registered with the Malaysian Pesticide Board under the Pesticide Act 1974 locally and with relevant international boards.

Today, Hextar Group is the leading crop management solutions provider domestically with strong presence globally, thanks to its specialised agrochemical products supply chain. From research and development, to manufacturing and distribution, Hextar has consistently provided new and improved superior agrochemical products to its customers, and will continue to do so for the foreseeable future.

While maintaining the Group's core business in agriculture, Hextar continue to manufacture consumers products in both domestic and international markets. Our consumer products continues to be exported to Vietnam, Hong Kong, the Philippines, Cambodia and Singapore.

Product distributions are channeled through established distributors, hypermarkets, supermarkets and dealer network at all major towns in Peninsular Malaysia, Sabah and Sarawak.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.D.H. DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR
Independent and
Non-Executive Chairman

Y.BHG DATO' ONG SOON HO
Non-Independent and
Non-Executive Vice Chairman

Y.BHG DATO' ONG CHOO MENG
Non-Independent
Executive Director

LEE CHOOI KENG
Non-Independent
Executive Director

YEOH CHIN HOE
Senior Independent
Non-Executive Director

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

SENIOR INDEPENDENT DIRECTOR
Yeoh Chin Hoe

AUDIT COMMITTEE
Yeoh Chin Hoe (Chairman)
Liew Jee Min @ Chong Jee Min
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir

NOMINATION COMMITTEE
Liew Jee Min @ Chong Jee Min (Chairman)
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir
Yeoh Chin Hoe

REMUNERATION COMMITTEE
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir (Chairman)
Yeoh Chin Hoe
Liew Jee Min @ Chong Jee Min

RISK MANAGEMENT COMMITTEE
Lee Chooi Keng (f) (Chairman)
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir
Yeoh Chin Hoe

WHISTLEBLOWING COMMITTEE
Yeoh Chin Hoe (Chairman)
Lee Chooi Keng (f)
Dato' Sri Dr. Erwan Bin Dato Haji Mohd Tahir

COMPANY SECRETARY
Lim Hooi Mooi (MAICSA 0799764)
Ong Wai Leng (MAICSA 7065544)

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

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

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

PRINCIPAL BANKERS
Malayan Banking Berhad
Citibank Berhad
Hong Leong Islamic Bank Berhad
OCBC Al-Amin Bank Berhad
AmBank (M) Berhad
Alliance Bank Malaysia Berhad

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

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

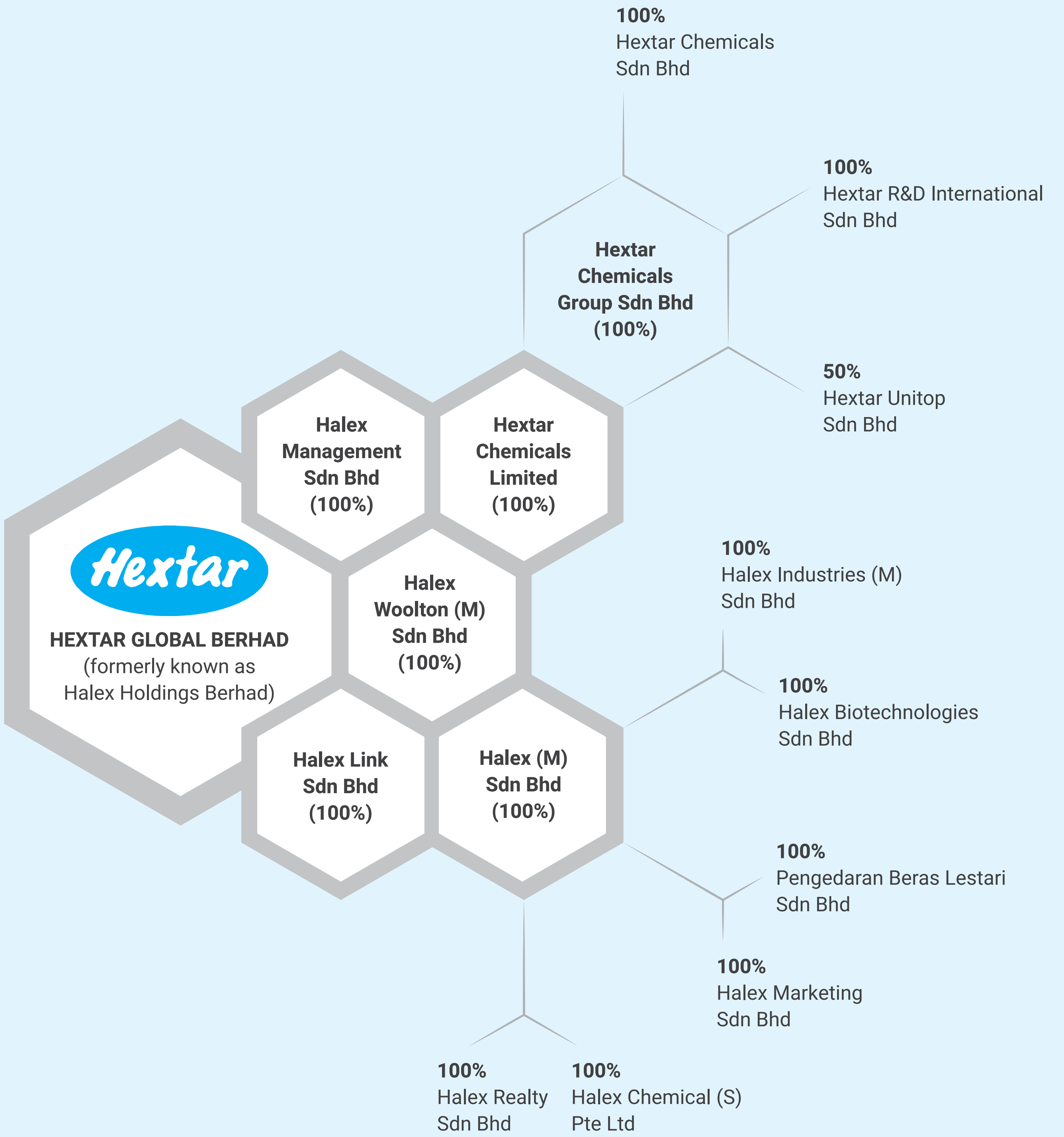
Customer Service Centre:
Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South, No.8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

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

MAIN OPERATION OFFICE
Lot PTB 264, Jalan Tun Mutalib 1,
Kawasan Industri Bandar Tenggara,
81440 Bandar Tenggara, Johor,
Malaysia.
Tel : +6(07) 8966 985 / 986 / 987
Fax : +6(07) 8966 988
Email : halexm@halex-group.com
Website : www.hextarglobal.com

No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200, Johor Bahru, Johor, Malaysia.
Tel : +6(07) 2324 388 / 389
Fax : +6(07) 2324 391
Email : halexm@halex-group.com
Website : www.hextarglobal.com

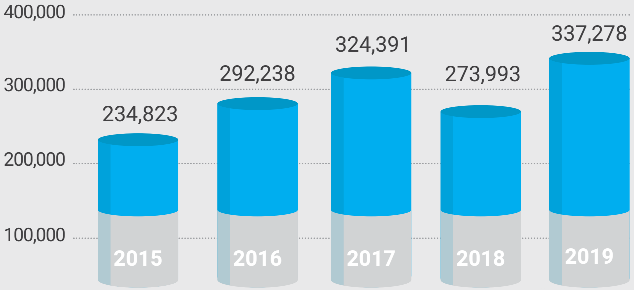
Lot 5, Jalan Perigi Nenas 7/3,
Fasa 1A, Pulau Indah Industrial Park, 42920 Pelabuhan Klang,
Selangor, Malaysia.
Tel : +6(03) 3101 3333
Fax : +6(03) 3101 2263
Email : hextar@hextar.com
Website : www.hextarglobal.com


HEXTAR GLOBAL BERHAD
(formerly known as
Halex Holdings Berhad)
Halex Management Sdn Bhd (100%)
Hextar Chemicals Limited (100%)
Hextar Chemicals Group Sdn Bhd (100%)
Halex Woolton (M) Sdn Bhd (100%)
Halex Link Sdn Bhd (100%)
Halex (M) Sdn Bhd (100%)
100% Hextar Chemicals Sdn Bhd
100% Hextar R&D International Sdn Bhd
50% Hextar Unitop Sdn Bhd
100% Halex Industries (M) Sdn Bhd
100% Halex Biotechnologies Sdn Bhd
100% Pengedaran Beras Lestari Sdn Bhd
100% Halex Marketing Sdn Bhd
100% Halex Realty Sdn Bhd
100% Halex Chemical (S) Pte Ltd

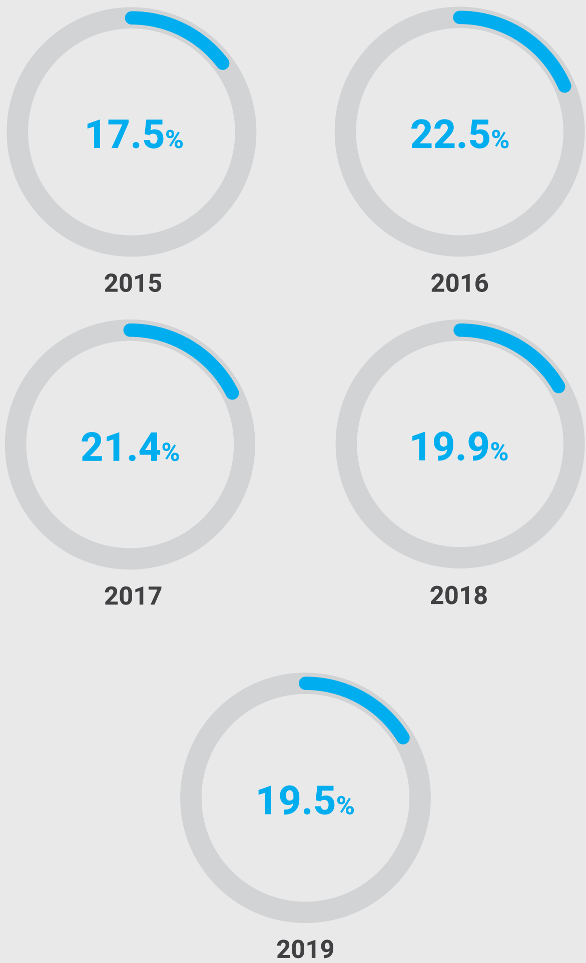
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December 2019 KEY FINANCIALS		2015	2016	2017	2018	2019
Revenue	RM'000	234,823	292,238	324,391	273,993	337,278
Gross Profit ("GP")	RM'000	41,066	65,733	69,541	54,552	65,770
GP Margin	%	17.5%	22.5%	21.4%	19.9%	19.5%
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	RM'000	35,676	55,110	61,017	43,207	18,127
Profit Before Taxation ("PBT")	RM'000	30,643	50,469	55,655	38,151	11,182
PBT Margin	%	13.0%	17.3%	17.2%	13.9%	3.3%
Profit After Taxation ("PAT")	RM'000	24,938	40,049	43,403	31,931	2,423
Basic Earnings Per Share ("Basic EPS")	sen	3.49	5.60	6.07	4.47	0.31

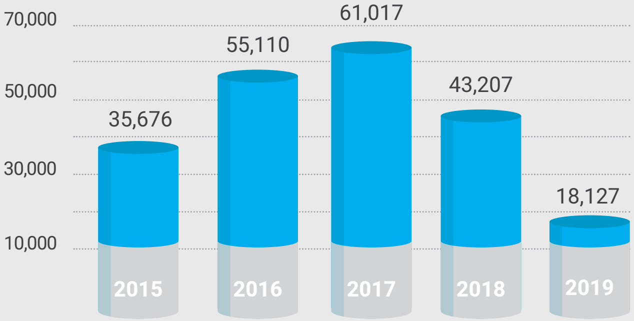
REVENUE (RM'000)



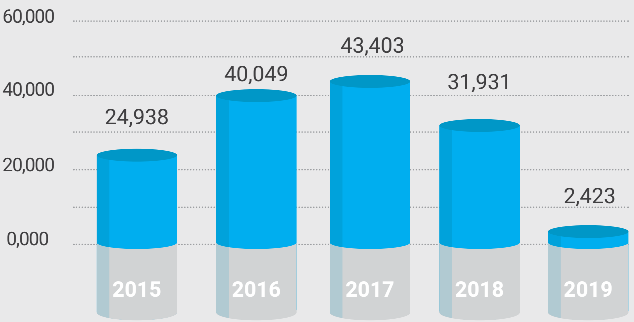
GROSS PROFIT MARGIN (%)



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (RM'000)



PROFIT AFTER TAXATION (RM'000)



The financial information stated above for financial year 2015, 2016, 2017 and 2018 refer to the financial results of Hextar Chemicals Limited due to the reverse accounting as described in Note 4.2 (iv), basis of consolidation of the Audited Financial Statements on page 93 of this Annual Report.

UNITY OF PURPOSE

Working together as
one cohesive team to
achieve our missions

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Hextar Global Berhad ("Hextar" or the "Group"), I am pleased to present the Eleventh Annual Report and the Audited Financial Statements for the financial year ended 31 December 2019 ("FYE2019").

In 2019, Hextar continued its work towards progress and transformation since our establishment. We pursued positive changes and enthused growth in all our activities and delivering value for our shareholders by remaining focused on our business priorities and core values.

Y.D.H. DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR
Independent and Non-Executive Chairman

AN OVERVIEW OF OUR FINANCIAL PERIOD

The Group observes a financial calendar of a twelve (12) months financial period from 1 January 2019 to 31 December 2019. Further explanation on an overview of our performance and moving forward action strategies will be demonstrated in the Management, Discussion and Analysis segment of the annual report.

DIVIDEND

The Board of Directors had declared an interim dividend of 3.58 sen per share during the FYE2019. In addition to that, we have also declared a second interim dividend of 0.8 sen per share subsequently, representing a total dividend payout declared of 4.38 sen per ordinary share for FYE2019.

SUSTAINABILITY

This is the third year we are publishing the Sustainability Report as the Board and I are committed in undertaking responsible agricultural and chemical practices which entails on sustainability and good corporate governance. The Company will continue to focus and devote on our core values in delivering excellence with transparent services, continuing in maintaining our product quality, parallel to ensuring adequate safety and reliability work force and its environment.

The Board and I are also committed in complying with Section 17A of the Malaysian Anti-Corruption Commission Act, which will be enforced in mid-2020. It will have a big impact on the business operations of all companies within Malaysia as the provision extends liability not only to the offender, but also to the commercial organisation as a whole. This year, as an enhancement to other existing corporate governance measures which are already incorporated, Hextar has included corruption risk assessment as part of its Risk Management review.

I am pleased that Hextar has taken multiple steps in having an outlook shift towards improving its sustainability in business and grateful for the support from our various stakeholders on this important sustainability journey. We recognise that there are always room for improvement and enhancement and therefore, will steer the company towards excellence.

OUR HIGHLIGHTS

FYE2019 marked another significant milestone in the Group's effort to reposition and differentiate itself in the dynamic and competitive pesticides, chemicals and consumer products industry. During the year, we made a significant acquisition that lay the foundation for the Group to expand our market in the emerging markets, in line with our strategic long-term growth plan.

On 1 April 2019, the Company held an Extraordinary General Meeting ("EGM") and obtained the shareholders' approval for the Proposed Acquisition of the entire equity interest in Hextar Chemicals Limited.

On 30 April 2019, the Group completed the acquisition for an aggregate purchase consideration of RM596,794,275 through issuance and allotment of 714,679,564 new ordinary shares in Hextar at an issue price of RM0.81 per consideration share and RM17,903,828 in cash.

The completion had allowed Hextar to benefit from economies of scale and operational synergies through, amongst others, optimisation of production processes and capacity as well as procurement and administrative functions; and provide value-added services to Hextar's customers through a combined range of products and services on our similar agriculture business segment.

In line with our plan to continuously optimising our operations and enhancing our operational efficiency, we have successfully combined and centralised our admin and finance departments which are currently located in our corporate office in Klang. This has contributed to the reducing of our overhead cost.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express our deepest appreciation to our shareholders and customers for your continued support and trust in Hextar. To our business associates, advisors, suppliers and partners; we are always grateful for your long-term support and confidence in the Group.

The Board and I would like to sincerely thank and acknowledge with much appreciation the crucial role of the management and employees of Hextar for their relentless dedication and hard work for the Group. Their talents and agility have allowed us to successfully navigate through this tough economy and continue to achieve growth.

Finally, I would like to take this opportunity to thank my fellow Board members who have been relentlessly providing their valuable advices and contributions to the Group throughout the year and supporting Hextar moving forward. We look forward to a better performance in 2020 and beyond. May the Group continue to work together and forge ahead to achieve greater growth and success for the betterment of the Company in the years ahead.

Y.D.H. DATO' SRI DR ERWAN
BIN DATO' HAJI MOHD TAHIR
Independent and Non-Executive Chairman

BOARD OF DIRECTORS' PROFILE

Y.D.H. DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR

Independent and Non-Executive Chairman

43 | Male | Malaysian

A male Malaysian aged 43, is our Independent and Non-Executive Chairman and was appointed to the Board on 22 May 2017. Subsequently he was then appointed as Chairman of Hextar Global Berhad on 6 December 2017 succeeding to resignation of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid on 4 December 2017. He is also currently our Remuneration Committee Chairman.

Dato' Sri Dr Erwan involvement in the business industry started since year 1997 when he got medium scale contracts such as Building Construction, Highways and Painting Works. Amongst his first jobs were to paint the Prime Minister's Office, Prime Minister's Residence, KL International Airport, Sepang F1 Circuit and Suria KLCC.

In 2006, he was involved in the business for Timber and Iron Ore concessions in Pahang and Kelantan. His major achievement was in 2009, when he started to diversify the group business by taking over the largest Switchgear and Transformer Company in power industry of Malaysia. In 2010, his group has taken over the biggest Rice Vermicelli Company in Malaysia which now, controlling 80% of the local market.

In 2012, he had expanded his group business in Coal Mining in Samarinda, West Kalimantan, Indonesia for export internationally. At present, his group venture into the Defense and Security industry supplying Aircrafts, Helicopters, Boats, Armored Vehicles and Artillery supplies for the Military and Police to strengthen their defense and security systems. He is also an active member of Dewan Perniagaan Melayu Malaysia Wilayah Persekutuan, Persatuan Kontraktor Tenaga Malaysia, Persatuan Usahawan Tenaga Malaysia, Arab Malaysian Chamber of Commerce, Persatuan Dato'-Dato' Pahang, Majlis Dato'-Dato' D'Raja Kelantan, Majlis Orang Besar serta Dato' Dato' Lembaga Balai Undang Luak Johol, Negeri Sembilan Darul Khusus.

To date, Dato' Sri Dr Erwan holds positions as Vice Chairman for Kesateria Muda Keselamatan 1 KDN, Kementerian Dalam Negeri, National EXCO Member for Malaysian Crime Prevention Foundation and Vice Chairman 1 for Malaysian Crime Prevention Foundation Selangor, Advisor for POLTERA and Advisor for Jabatan Sukarelawan Malaysia, Kementerian Dalam Negeri, Committee Member for RELASIS and the President of Pertubuhan Pedagang Dan Peniaga Kebangsaan Malaysia (PERDANA) and the Corporate Advisor of Persatuan Kontraktor Melayu Malaysia.

Dato' Sri Dr Erwan has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company and has no other directorship in any other public companies.

Y.BHG DATO' ONG SOON HO

Non-Independent and Non-Executive Vice Chairman

73 | Male | Malaysian

A male Malaysian aged 73, is our Non-Independent and Non-Executive Vice Chairman and was appointed to the Board on 22 May 2017.

Dato' Ong Soon Ho is the founder of Hextar Chemicals Sdn Bhd and is responsible for Hextar Group's growth and development since its commencement. Graduated with a Bachelor's Degree in Plant Pathology and Entomology from National Taiwan University. He then obtained Master's Degree in Mycology from University of Aberdeen, Scotland, United Kingdom. His professional experience as part of the senior management team in a multinational corporation is coupled by his experience in the agricultural industry for more than 30 years.

Dato' Ong Soon Ho has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has family relationship with Dato' Ong Choo Meng and the director of Waras Dinamik Sdn Bhd which is the substantial shareholder of the Company. He has no other directorship in any other public companies.

Y.BHG DATO' ONG CHOO MENG

Non-Independent Executive Director

42 | Male | Malaysian

A male Malaysian aged 42, is our Non-Independent Executive Director and was appointed to the Board on 22 May 2017.

Dato' Ong Choo Meng is highly competent and professional business leader with over seventeen years of valuable experience in the senior management position. Work experience includes business management of a group of companies, familiar with strategising and driving business plans with commendable track record in directing business growth for the group. He is responsible for the overall finance, business, corporate development, and expansion strategies for the Hextar Group of Companies ("Hextar") and has a Bachelor's Degree in Business, majoring in Business Finance and Investment in Royal Melbourne Institute of Australia. He has been in the agriculture industry for more than 10 years specialising in finance and investment activities.

Dato' Ong Choo Meng was experienced in Denko Industrial Corporation Berhad where he contributed in providing independent review to ensure corporate accountability in the board decision. In addition, he was one of the personnel that ensure strategies proposed by the management were fully deliberated and examined in the long-term interest of the company.

Presently, he is conversant in directing Hextar Group growth, business expansion, finance and operational affairs. He currently holds the position as Group Managing Director / Group Chief Executive Officer in the company.

Dato' Ong Choo Meng has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has family relationship with Dato' Ong Soon Ho and the director of Waras Dinamik Sdn Bhd which is the substantial shareholder of the Company. He is also a Non-Independent Non-Executive Director of SCH Group Berhad.

LEE CHOOI KENG

Non-Independent Executive Director

63 | Female | Malaysian

A female Malaysian aged 63, is our Non-Independent Executive Director and was appointed to the Board on 22 May 2017. She is also our Risk Management Committee Chairman.

Madam Lee is currently responsible for the overall development and business operations of the Hextar Group. After graduating with a Bachelor of Science degree, majoring in Chemistry, Madam Lee started out as a chemist before gaining further experience in a senior management position in the private sector of the agrochemical industry for more than 20 years.

Madam Lee has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. She has no family relationship with any directors or substantial shareholders of the Company and has no other directorship in any other public companies. Nevertheless, she is the Group Managing Director of Hextar Chemicals Sdn. Bhd.

YEOH CHIN HOE

Senior Independent Non-Executive Director

69 | Male | Malaysian

A male Malaysian aged 69, is currently our Senior Independent Non-Executive Director since 6 December 2017. He was appointed to the Board on 22 May 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and Whistle Blowing Committee.

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

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn. Bhd. in 1980, and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn. Bhd. in 2006, as a consultant specialising in business process improvements and general business management services. Mr Yeoh is also an Independent Director and Chairman of the Audit Committee of Chin Hin Group Berhad.

Mr Yeoh has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

LIEW JEE MIN @ CHONG JEE MIN

Independent Non-Executive Director

61 | Male | Malaysian

A male Malaysian aged 61, is our Independent Non-Executive Director and was appointed to the Board on 14 December 2017. He is also currently our Nomination Committee Chairman.

Mr Chong is an accomplished lawyer, as well as an experienced director of public listed companies. He graduated from University of Leeds, England, in 1984 with an Honours Degree in Law and obtained his Certificate of Legal Practice, Malayan, in 1985. He established the firm J.M. Chong, Vincent Chee & Co. and has been practicing law, concentrating on banking, property and corporate matters since 1986.

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

Mr Chong is also an Independent Chairman for YKGI Holdings Berhad, Independent Director of Jaks Resources Berhad and Parkson Holdings Berhad.

Mr Chong has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

KEY SENIOR MANAGEMENT

LO NGEN LOI
Managing Director – Agriculture Division

A male Malaysian aged 63, Mr Lo is currently the Managing Director of Hextar Chemicals Sdn Bhd and responsible for Hextar Group's marketing development and strategies for the Agriculture division.

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

Mr Lo has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

CHEN SEN LOON
Executive Director – Agriculture Division

A male Malaysian aged 53, Mr Chen is currently the Executive Director of Agriculture division and is responsible for driving Agriculture business operations performance. He oversees the overall of Halex (M) Sdn Bhd, operations of Hextar Chemicals Sdn Bhd and all the companies under its wing of supervision.

Mr Chen initially joined Halex Industries (M) Sdn Bhd in 1992 as Chemist and was promoted as Production Manager in 1993. He was appointed as General Manager in 2001, responsible for the agrochemicals manufacturing and export divisions. He then joined the Board of Directors of the Halex Holdings Berhad as an Executive Director in 2014 and was appointed as the Managing Director in early 2015. He then left the Company in October 2015 and joined Hextar Chemicals Sdn Bhd. Now, Mr Chen holds the current position abovementioned as the Company believed his proficiency in the industry that is significant for the Company.

Mr Chen graduated with a degree in Chemistry (Honours) from University Kebangsaan Malaysia and obtained his Master in Business Administration from Heriot-Watt University, UK. Mr Chen has over 25 years of experience in the agrochemical industry, as a chemist and part of the senior management team.

Mr Chen has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

DR. LEE LENG CHOY

Managing Director – Research and Development Division

A male Malaysian aged 47, Dr. Lee is currently responsible for Hextar Group's Research and Development operations and technical matters.

Dr. Lee holds a Bachelor Degree in Entomology, and a Ph.D. in urban entomology and biochemistry. He comes from a research and development background with a strong foundation in regulatory compliance of crop protection industry and regional exposure. Dr. Lee has over 18 years of experience in the industry and has published more than 20 peer reviewed publications and presented over 35 papers at scientific meetings.

Dr. Lee has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

CHIAM LONG CHAI

Executive Director – Consumer Products Division

A male Malaysian aged 47, Mr Chiam is responsible for the Consumer Products business operations and growth.

Mr Chiam holds a degree in Business Studies, majoring in Finance. He has over more than 20 years of experience in the industrial chemical industry, focusing on administration, marketing, and supply chain management of the business operations. Mr Chiam also has experience in managing products in various industries and in holding expatriate positions abroad.

Mr Chiam has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences (if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year. He has no family relationship with any directors or substantial shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS OPERATIONS, OBJECTIVES & STRATEGIES

Corporate History and Business

Hextar was incorporated in Malaysia on 13 October 1990 under the name of Halex Holdings Sdn Bhd. We are an investment holding company with subsidiaries principally involved in the trading and distribution of agrochemicals, manufacturing and trading of consumer products and agro-based technology as far back in the 1980's. On 11 January 2007, we converted our status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Malaysia Securities Berhad. Halex Holdings Berhad was eventually listed on the Kuala Lumpur Stock Exchange on 16 September 2009.

On 30 April 2019 Hextar has completed its reverse acquisition of the entire equity interest in Hextar Chemicals Limited. Subsequently Hextar had officially changed its name from Halex Holdings Berhad to Hextar Global Berhad with headquarters located in Klang, Malaysia. Hextar Group owns and operates three manufacturing plants that are based in Port Klang (Selangor), Bandar Tenggara (Johor) and Tampoi (Johor Bahru).

With an annual turnover of more than RM300 million, we are proud to be one of the leading agrochemical companies in Malaysia with more than 30 years of experience involved in entire supply chain of the agrochemical businesses from research and development to manufacturing and distribution. Our product portfolio offers a wide range of pesticides such as herbicides, insecticides, fungicides, rodenticides and miticides. We supply our products mainly to distributors and corporate plantation groups locally and also export to over 30 countries around the world.

Agriculture industry remains an important industry in Malaysia, as it ensures food security and increases income levels in rural areas. The use of agrochemicals has been growing at a significant pace, particularly, for pesticides consumption, as modern practices are being utilised in fields.

Apart from our agrochemical business, our consumer products segment involved in manufacture and distribute healthcare disposable products, such as wet wipes, tissue and cotton-based products.

Objective and Strategies

Our objective is to deliver sustained growth and value creation to our shareholders through our core strengths which always give us sustained leadership positions in the areas we targeted.

We will continue to explore new markets and business opportunities for our products and services which will enable us to expand our customers base in order to deliver maximum value to our shareholders through a progressive dividend.

VISION

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

MISSION

We build shareholders' value by carving a niche in the global arena; earn the respect of the market for outstanding products and services; endorse human capital development and enhance business synergy in diversity.

GROUP BUSINESS OPERATIONS, OBJECTIVES & STRATEGIES (CONT'D)

Financial Performance

	FYE2019 RM'000	FYE2018 RM'000	Change RM'000	%
Revenue	337,278	273,993	63,285	23.1
Gross profit ("GP")	65,770	54,552	11,218	20.6
Profit before taxation ("PBT")	11,182	38,151	(26,969)	(70.7)
Profit after taxation ("PAT")	2,423	31,931	(29,508)	(92.4)
GP margin	19.5%	19.9%	-0.4%	(2.0)
PBT margin	3.3%	13.9%	-10.6%	(76.3)
PAT margin	0.7%	11.7%	-11.0%	(94.0)

In the current financial year ended 31 December 2019 ("FYE2019"), the Group generated a commendable revenue of RM337.28 million, an increase of 23.1% as compared to RM273.99 million recorded in the financial year ended 31 December 2018 ("FYE2018"). The significant increase was mainly due to contribution from the enlarged agriculture segment and the incorporation of revenue from the consumer products segment, following the completion of the Reversed Acquisition on 30 April 2019. Our core agriculture segment continues to lead in revenue, contributing RM318.56 million which accounted for 94.4% of the Group revenue during the financial year.

On the back of the higher revenue, gross profit increased from RM54.55 million during last financial year to RM65.77 million for this financial year. While the GP margin decreased by 0.4% from 19.9% in FYE2018 to 19.5% in FYE2019. The slight decrease was mainly due to the newly acquired consumer products segment which fetch a lower GP margin.

In tandem with the increase in revenue, selling and marketing expenses, administrative and other operating expenses were also increased from RM19.42 million in FYE2018 to RM54.82 million in FYE2019. This was mainly due to the one-off impairment of goodwill on business combination amounted RM23.99 million in FYE2019.

Finance costs increased by 38.5% from RM3.12 million in FYE2018 to RM4.32 million in FYE2019. This was mainly due to the increase in bank borrowings from the enlarged group following the completion of the Reversed Acquisition.

For the FYE2019, the Group recorded a profit before taxation of RM11.18 million, representing a decrease of RM26.97 million or 70.7% as compared to RM38.15 million recorded in FYE2018. As well as the Group's profit after taxation of RM2.42 million recorded in FYE2019 which represented a decrease of RM29.51 million or 92.4% as compared to RM31.93 million recorded in FYE2018. Both PBT margin and PAT margin recorded in FYE2019 decreased by 10.6% and 11.0% respectively as compared to FYE2018. This was mainly due to the one-off impairment of goodwill on business combination amounted to RM23.99 million. Had the Group excluded the one-off impairment of goodwill, the Group would have recorded a profit before taxation of RM35.17 million and a profit after taxation of RM26.41 million for the FYE2019.

In overall, the Group had on 30 April 2019 witnessed a tremendous corporate milestone to solidify its position as a leading and the biggest producer of agrochemicals in Malaysia. The business combination had given the Group the ability to enhance the competitiveness in agrochemical business by increasing product range and extending distribution network especially the presence in the new markets.

GROUP BUSINESS OPERATIONS, OBJECTIVES & STRATEGIES (CONT'D)

Financial Position and Liquidity Performance

We are pleased to present our financial position as at 31 December 2019 and 31 December 2018 as summarised as below: -

	31.12.2019 RM'000	31.12.2018 RM'000
Non-Current Assets	84,168	47,490
Current Assets	273,154	209,493
Non-Current Liabilities	23,181	14,795
Current Liabilities	148,801	97,825
Net Assets	185,340	144,363
Net Asset per share (RM) *	0.23	0.20
Current Ratio (times)	1.84	2.14
Gearing Ratio (times)	0.67	0.54

Note:
* *The net asset per share as at 31 December 2018 was calculated based on the newly issued 714,679,564 new ordinary shares in exchange for 4 ordinary shares in HCL, following the Reverse Acquisition.*

Non-current assets increased from RM47.49 million as at 31 December 2018 to RM84.17 million as at 31 December 2019 was mainly due to the increase of property, plant and equipment, investment properties and right-of-use assets by RM37.58 million following the Reverse Acquisition.

Current assets increased from RM209.49 million as at 31 December 2018 to RM273.15 million as at 31 December 2019 was mainly due to the increase of cash and cash equivalents by RM15.56 million, increase of asset classified as held for sale by RM30.84 million, as well as increase of trade and other receivables by RM13.74 million from the enlarged Group.

The increase of non-current liabilities and current liabilities from RM14.80 million and RM97.83 million respectively as at 31 December 2018 to RM23.18 million and RM148.80 million respectively as at 31 December 2019 was mainly due to the increase of term loan by RM26.04 million and bills payable by RM18.79 million following the Reverse Acquisition, as well as the increase in trade and other payables by RM8.53 million.

The Group's net assets were recorded at RM185.34 million as at 31 December 2019 after the payment of first interim single-tier dividend for the FYE2019 amounted to RM29.38 million as compared to RM144.36 million as at 31 December 2018. Net assets per share stood at 23 sen as at 31 December 2019 as compared to 20 sen as at 31 December 2018.

Current ratio was recorded at 1.84 times as at 31 December 2019 as compared to 2.14 times as at 31 December 2018. The decrease was mainly due to the increase in bank borrowings following the Reverse Acquisition, which also lead to the increase of gearing ratio by 0.13 times from 0.54 times as at 31 December 2018 to 0.67 times as at 31 December 2019. Both the ratios were recorded at a healthy and balanced level which represented the Group's ability to invest and finance the operations effectively.

Capital Expenditure

Upon the completion of the Reverse Acquisition, the Group had acquired RM65.90 million of property, plant and equipment, investment properties and right-of-use assets. Subsequent to the Reverse Acquisition, the Group continue to incur an approximately RM2.92 million of capital expenditure to renovate and purchase furniture and fittings for the 6-storey head quarter.

REVIEW OF OPERATING ACTIVITIES AND FUTURE PROSPECTS

Agriculture Segment

The Reverse Acquisition of which the announcement of completion was made on 30 April 2019. The Group foresees this prominent business combination has the ability to enhance the competitiveness of this segment by increasing product range and extending distribution network especially the presence in the new markets.

The Group has core competencies in the agrochemicals industry supported by its strength in research and development and commercialisation and marketing of over 500 products registration ranging from herbicides, pesticides to fungicides registered with the Malaysian Pesticide Board under the Pesticide Act 1974. The Group will continue with its efforts to innovate and assesses its current and future products registration to match with the market's need.

The Group's product brand name "Hextar" is a long-established brand name in the agrochemical market for more than 30 years with a wide distribution network of over 30 countries. In addition to that, the agrochemical industry has high barriers to entry, therefore, the Group enjoys the resilience for its business sustainability.

During the fourth quarter of the FYE2019, Hextar Chemicals Sdn Bhd, a wholly-owned subsidiary of the Company had signed a distributor agreement with Sumitomo Chemical Vietnam Co Ltd for distribution of the Company's product in Vietnam. This paves way for the Group to have more market presence in Indochina which is predominantly active in its agriculture industry. In addition, Hextar Chemicals Sdn Bhd and Halex (M) Sdn Bhd had accepted various tender awarded by major plantation companies for supply of agrochemicals in Malaysia, Papua New Guinea and Liberia for forthcoming year.

On 7 February 2019 the Group achieved the prestigious accreditation from Standards Malaysia. Hextar R&D International Sdn Bhd was awarded the Certificate of Compliance to OECD Principles of Good Laboratory Practice ("GLP"). GLP helps assure regulatory authorities that the data submitted are true reflection of the results obtained during the study and can therefore be relied upon when making safety assessments. Hextar R&D International Sdn Bhd is one of only eleven organisations that has been accredited with this certification by Standards Malaysia.

Consumer Products Segment

The Group had on 21 October 2019, entered into a conditional Sale and Purchase Agreement to dispose a piece of freehold industrial land and building that have been left vacant following the consolidation of operations into a single location, and subsequently on 24 February 2020, obtained the approval from the shareholders for the disposal of the said land and building.

The disposal is in line with the internal re-organisation to consolidate two production operation locations into a single operation location. Following the consolidation of operations and the Group's continuous effort in cost rationalisation and improved operational efficiency, the segment's loss after taxation reduced from RM7.82 million in the preceding financial year to RM1.48 million for the current financial year. The Group is very positive for this segment to improve further and will continuously monitor the financial performance for this business segment moving forward.

The Group remains focused on the operational efficiency, profitability and business sustainability. The Board is of the view the Group is poised to deliver a satisfactory financial performance for the financial year.

REVIEW OF OPERATING ACTIVITIES AND FUTURE PROSPECTS (CONT'D)

Smart Agriculture

Malaysian Communications and Multimedia Commission had on 17 February 2020 announced that nine (9) industries have been identified as the focus areas of Malaysia's 5G technology, which will be rolled out in the third quarter of the year 2020 including agriculture, education, entertainment, healthcare, manufacturing, oil and gas, smart city, smart transportation and tourism.

Apart from our Agriculture and Consumer Products business, we intended to further diversify our businesses by venturing into "Smart Agriculture" business. This business intends to use drones and Smart Unmanned Aerial Vehicle ("UAV"), which can carry prepared chemicals and fly to air or hover to spray chemicals remotely, and the Company will be partnering with unrelated overseas entities with expertise in drones and Smart UAV. The advantages of agricultural drone spraying agrochemicals are high pressure spraying, efficient use of chemicals, more uniform spraying and reducing the amount of pesticide wastage in water consumption. Furthermore, high-altitude spraying will make it easier to spray on the upper surface of the vegetation, to reduce personnel contamination and also wastages as well as promote safe agriculture practices.

The proposed new venture's business will include sales of equipment, services and also consultancy services on the use of 5G technology to plantation industry as an effort to drive cost efficiencies. This is synergistic to the Company's current business of manufacturing and distribution of pesticide.

The Board views that there is a potential of using drones and Smart UAV with 5G technology in agriculture areas such as palm oil plantation, rice field as well as fruits and vegetables orchards.

KEY RISKS AND MITIGATION

The Board is responsible for the system of risk management and internal control. Risk is a recognised part of the Group's every day activities. The Group adopts a risk philosophy aimed at maximising business opportunities and minimising adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

Credit risk

Credit risk occurs when there is a loss in value as a result of a non-payment from debtor. The Group manages its exposure to credit risk by application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Liquidity risk

The objective of the Group's liquidity risk management framework is to ensure that the Group can fulfil its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance or off-balance sheet.

Competition risk

With a preferred position with its distribution partners, the Group continuously enhance our core strengths to solve its customers' increasingly complex problems in order to be the industry's top choice for agriculture solution providers. The Group will continue to explore new markets and business opportunities, enable the Group to expend customers base and to achieve business growth. The emphasis on long-term partnership with customers who are committed to sustainable business relationships.

KEY RISKS AND MITIGATION (CONT'D)

Political, economic and regulatory risk

The Group could also be affected by economic uncertainty and issues such as trade war tensions and worldwide lockdown due to Coronavirus Disease 2019 ("COVID-19") pandemic since it may affect our customers' demand and supply chain. Political leadership changes may also bring in new policies and regulations for example, changes in policies affecting the disposal of animal manure, restrictions in conservation practices or land use, or changes in income tax policy, credit policy or subsidising policy.

DIVIDEND

In line with the Group's performance and as recognition for the continuous support by our loyal shareholders, the Company paid the first interim single-tier dividend of 3.58 sen per ordinary share amounting to approximately RM29.38 million in respect of the financial year ended 31 December 2019. Subsequently on 26 March 2020, the Company paid the second interim single-tier dividend of 0.8 sen per ordinary share amounting to approximately RM6.52 million in respect of the financial year ended 31 December 2019.

The total dividend declared and paid to date for the current financial year of 4.38 sen per ordinary share, amounted to approximately RM35.90 million, provided an adequate balance between rewarding the shareholders and investors with appropriate returns while retaining sufficient profits to sustain growth in the future.

OUTLOOK FOR THE YEAR

Agriculture

Agriculture segment continues to be major contributor to Group's earnings. The business continues to grow despite the outbreak of COVID-19 and the implementation of Movement Control Order ("MCO"). Consequently, our Agriculture segment turn out to be more essentially needed than before in order to secure food. Nevertheless, food security has always and will be continue to be an essential key driver of social-political priorities at global, regional and national level.

As leading crop management solutions provider in Malaysia, the Board is confident that the Agriculture segment will continue to contribute a sustainable income to the Group in year 2020.

Consumer Products

We invested in new machine in the beginning of year 2020 to improve capacity and output rate as well as efficiency of the production. We believe that by controlling our costs and improving our operational efficiencies, we shall be in a strong position and we expect this segment to accelerate its contribution in 2020.

Others

The Group will continue with its expansion plan by embarking on 5G technology in plantation industry in 2020 and we will further explore on other potential opportunities beside leveraging on this technology. This plan is in line with our strategy to diversifying business to build up bigger revenue streams.

Although 2020 is faced with a challenging start, we are confident that, having laid the foundations of a properly reformed from the Reverse Acquisition exercise, we shall be in a strong position that the Group will be able to achieve satisfactory results in the financial year ending 2020.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

INTRODUCTION

Subsequent to the first Sustainability Statement of Hextar Global Berhad (formerly known as Halex Holdings Berhad) ("Hextar") reported for the financial year ended 31 December 2018 ("FYE2018"), we recognise the growing significance of developing our business operations in a sustainable and responsible manner, by having our business operating strategies and corporate culture being continuously aligned with our sustainability aims within the economic, environmental and social contexts.

OUR CORPORATE SUSTAINABILITY AIMS

In line with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Sustainability Report Guide, the sustainability practices of Hextar and its subsidiaries ("Hextar Group" or "the Group") are to ensure economic, environmental and social considerations are embedded into our governance framework and business daily operations.

With this in mind, we have to ensure high governance standards applied across the various business operations so as to promote responsible business practices, manage and reduce environmental impacts while meeting the social needs of our local community.

This Sustainability Statement shall demonstrate our strategic approach to address sustainability challenges and opportunities, particularly on material matters, in contributing towards the betterment of our business, environment and society.

SCOPE OF THIS STATEMENT

This Sustainability Statement covers our sustainability efforts and performances in Hextar and its subsidiaries for the financial year ended 31 December 2019 ("FYE2019"). Subsidiaries refers to all companies in which Hextar holds a majority stake or has direct management control.

BASIS OF THIS STATEMENT

This Sustainability Statement was prepared base on the available internal information and in a manner as prescribed by Bursa Malaysia, in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia.

ASSESSMENT OF MATERIAL MATTERS

In FYE2018, a materiality assessment was undertaken to identify and assess the issues that are most relevant and material to the sustainability of our Group. Coming to FYE2019, we have reassessed and included additional material matters that relevant to our Group within the economic, environmental and social contexts. Please refer to our Material Matters Matrix within this Sustainability Statement.

FEEDBACK

In our continuous efforts to raise our performance in sustainability measures and reporting standards, we welcome stakeholders' feedback on this Sustainability Statement and any other relevant matters. Comments and queries related to this Statement can be directed to halexkl@halex-group.com.

MANAGING SUSTAINABILITY

As a responsible corporate organisation, Hextar recognise the growing significance of sustainability in our long-term business journey. We hold firm to the principle that a sustainable business agenda strengthens our business model and allows the Group to constantly evolve with changes while considering all aspects of the business operations. While we build on this foundation, we are also enhancing our transparency on disclosure of material matters relating to Economic, Environment and Social aspects continuously. We are actively taking steps to improve our internal capabilities to manage, communicate and report on the progress of our sustainability related activities to all our stakeholders.

We understand that good governance enables prompt identification and mitigation of systematic issues thus reducing the likelihood of costly corporate crisis and scandals. Good governance lies in sound business ethics, viable policies and procedures across all areas of the Group. Our Group are guided by the following key Code of Conduct and Ethic, Bribery and Corrupt Practices as well as Whistle Blowing Policy for reporting of any irregularities or misconduct.

Code of Conduct and Ethics

- To act honestly and legally at all times;
- To ensure confidentiality of the Group's information;
- To avoid any conflict that could risk or damage Hextar's reputation; and
- To avoid personal interest being ahead of the Group's interest.

BRIBERY AND CORRUPT PRACTICES

All employees of Hextar are required to accept and acknowledge the confidentiality policy of the Group and practise the highest standard of honesty cum integrity at all times. Hextar employees must avoid activity in any manner that will expose himself to suspicion of dishonesty and/or conflict of interests, which may include receiving of favours, benefits or gifts (monies or in kind) that could be seen to influence objective decisions when conducting business for the Group.

In FYE2019, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against Hextar and its employees due to non-compliance with our Bribery and Corrupt Practices and/or laws and regulations against acts of corruption or bribery. In this regard, there was no fines, penalties or settlements imposed or made during the year.

WHISTLE BLOWING POLICY

Our whistle blowing policy has outlined the Group's commitment to ensure that employees and other stakeholders are able to raise concerns regarding any malpractice or illegal conduct at the earliest opportunity without being subjected to victimisation, harassment or discriminatory treatment and to have such concerns properly investigated. This policy sets out the mechanism and framework by which employees, consultants, contractors and any other individuals or organisation who have dealings with the Group can confidently voice concerns/ complaints in a responsible manner without fear of discriminatory treatment. The policy can be found on our website at http://www.hextarglobal.com/investor-relations.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors ("Board")	Sustainability Committee	Department Sustainability Working Group
Oversees the corporate sustainability plans and performance	• Review sustainability matters with the Management • Report to the Board of Directors on sustainability matters	• Report to Sustainability Committee on sustainability matters • Monitor the implementation of sustainability strategies and performances • Responsible for materiality assessment, identification, execution and monitoring of initiatives/ actions

The Board of Hextar has the overall responsibilities in advancing sustainability initiatives and strategies across the Group and also to oversee the implementation of the Group's sustainability strategies and ensure key targets are being met.

The Board is supported by our Sustainability Committee comprises of the Group's operational executive directors who are primarily responsible for ensuring that all matters relating to the Group's sustainability are well addressed. The chief financial officer of the Group is the secretary of the Sustainability Committee.

The Sustainability Committee is assisted by the Departmental Sustainability Working Group comprises of the representatives from each department within the Group where the primary function is to ensure sustainability initiatives are being executed and monitored in daily operations.

STAKEHOLDERS ENGAGEMENT

STAKEHOLDERS	EXAMPLES	STAKEHOLDERS CONCERNS/ MATERIAL MATTERS	ENGAGEMENT EFFORTS
Investors	• Shareholders of the Group	• Financial and operational performance • Share price performance • Business management & corporate governance • Risks and returns	• Annual & extraordinary general meetings • Quarterly financial results and annual report • Press releases and interviews • Corporate website • Announcement on Bursa Malaysia website
Authorities	• Local Authorities • Municipals • Regulators • Government Ministries	• Adherence to laws and regulations • Health and safety • Permits and licenses • Corporate governance and compliances	• Meetings/ visits • Verification/ compliance audit • Quarterly announcements • Ad-hoc report submission as and when requested by regulators
Bankers	• Financiers • Investment Bankers	• Financial and operational performance • Repayment capabilities	• Meetings/ visits • Announcement on Bursa Malaysia website • Media release

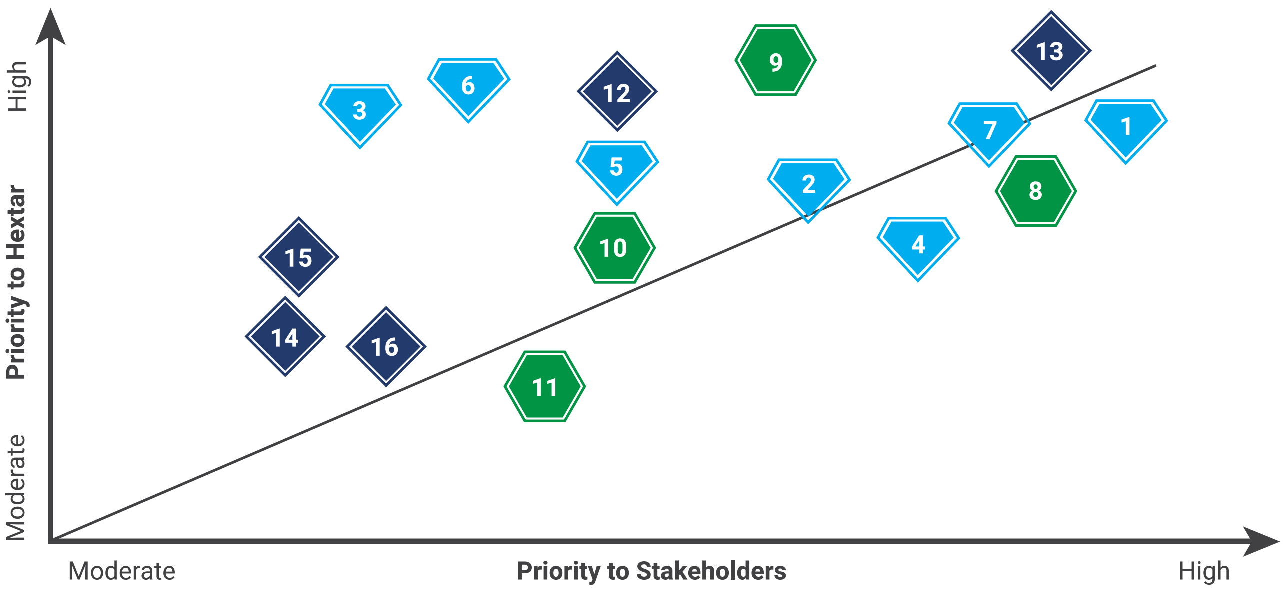
STAKEHOLDERS	EXAMPLES	STAKEHOLDERS CONCERNS/ MATERIAL MATTERS	ENGAGEMENT EFFORTS
Board of Directors	• Independent • Non-independent • Executive • Non-executive	• Continuous business and operational improvements • Financial results of the Group • Identification and monitoring of business risks and corporate strategies • Interest of stakeholders and shareholders	• Quarterly and ad-hoc Board meetings • Annual general meeting • Company events
Employees	• Production workers • Assistants • Executives • Managers • Directors	• Career development opportunities • Training and development • Talent and performance management • Succession planning • Work place health and safety • Competitive compensation and benefit packages	• Induction training • Learning and development program • Regular engagement with senior management • Performance appraisals • Company social events
Customers	• Farmers • Plantation Companies • Distributors • Agents • Individuals • Supermarket/ Grocery Markets	• Quality assurance and reliable products and services • Customers satisfaction • Technological and operational innovation • New products development • Competitive pricing and on-time delivery	• Regular meetings • Feedback survey • Social media and corporate website • Company events • Advertisement and marketing events
Suppliers	• Raw Material Suppliers • Consultants • Contractors	• Business relationships and continuity • Sourcing of quality materials • Selection of suppliers and credit terms	• Face-to-face interaction • Supplier assessment • Email communications
Community	• Voluntary Organisation • Society	• Job creation for local communities • Impact of operations on surrounding environment • Economic support	• Community outreach program • Corporate volunteering program • Corporate website/ social media
Analyst/ Media	• Rating Agencies • Reporters	• Financial and operational performance • Business strategies and plans • Corporate governance	• Annual & extraordinary general meetings • Press conference and media interviews • Media release

ASSESSMENT OF MATERIAL MATTERS

In FYE2018, a materiality assessment was undertaken to identify and assess the issues that are most relevant and material to the sustainability of our Group. Coming to FYE2019, we have reassessed the material matters relevant to our Group via the following process: -

1. Identify the material issues that are relevant to the Group's business operations
2. Assess material issues from both business and stakeholder perspectives
3. Rank each material issues by prioritising according to the analysis of stakeholder impacts and business impacts

Based on our internal assessment, we have identified and ranked 16 key areas which matter the most to our Group as well as our stakeholders within the Economic, Environmental and Social contexts considering the influence to our stakeholders and its relevance to our business operations as depicted in the material matters matrix below: -



Economic

1 Business Profitability
2 Dividend Distribution
3 Product Recognition
4 Quality Assurance
5 Corporate Governance and Risk Management
6 Research and Development
7 Customer Satisfaction

Environmental

8 Material Management
9 Laws and Regulation Compliance
10 Pollution Minimisation
11 Energy Efficiency

Social

12 Employees Diversity and Equal Opportunities
13 Occupational Safety and Health
14 Contribution to Community
15 Employees Training and Development
16 Employees Engagement

ECONOMICS

The principle of sustainability is integrated in our pursuit of economic growth. We are committed to provide high quality of products and services to our customers while enhancing internal capabilities to meet the ever-changing needs of the business environment and to sustain our business growth.

BUSINESS PROFITABILITY

	Audited FYE2017*	Audited FYE2018*	Audited FYE2019
	RM'000	RM'000	RM'000
Revenue	324,391	273,993	337,278
Gross Profit	69,541	54,552	65,770
Profit After Tax	43,403	31,931	2,423

* The 2017 and 2018 figures refer to the financial results of Hextar Chemicals Limited ("HCL") due to Reverse Acquisition completed on 30 April 2019.

Hextar currently has two (2) major operating segments which include agriculture and consumer products.

In FYE2019, our Group recorded a total revenue of RM337.3 million, an increase of 23.1%, compared to revenue of RM274.0 million generated in FYE2018. The increase was mainly due to increased revenue from our enlarged agriculture segment and the incorporation of revenue from the consumer products segment following the reverse acquisition of HCL. Our financial performance is discussed in detail in the Management Discussion and Analysis ("MD&A") section within this Annual Report.

We understand that long-term business growth entails a balance of economic, environmental and social considerations, risks and opportunities. As such, we will continue to focus on our two (2) core business activities, boosting our sales, improve internal resources capabilities and efficiencies while investing in relevant technological advancement, health and safety measures and contributing back to the community.

DIVIDEND DISTRIBUTION

Dividend payment sends a clear and powerful message to the stakeholders about Hextar's financial well-being and the Management's positive expectations of future earnings. In FYE2019, we are pleased to highlight that we have declared two (2) interim single-tier dividends with 3.58 sen and 0.8 sen per share respectively to our shareholders, amounted to a total of approximately RM35.9 million.

PRODUCT RECOGNITION

Hextar understand that branding and reputation of our products are key factors in penetrating the market and standing firm within our industry. We believe that with more than 26 years of experience in the industry, the Group has strong understanding of the market dynamics and we keep abreast with the latest development in the industry especially in agricultural landscape.

With the continuing efforts on research and development, we managed to register a wide range of pesticide products that are catered for different needs of our wide customer bases, both domestically and globally within the agriculture industry.

Asides to consumer products, our Group carries our own product brand names such as TenderSoft and Adeeva while acting as the Original Equipment Manufacturer ("OEM") for third parties.

Over the years, the Group has gained immeasurable trust with our stakeholders and developed a strong customer relationship on long-term basis with a good mix of clientele.

ECONOMICS

RESEARCH AND DEVELOPMENT AND QUALITY ASSURANCE

Products research and development is our core competencies. Backed with our technical knowledge and vast experience, we are continuously enhancing our existing products quality and develop new product ranges that are highly effective and good quality without compromising on the product safety and impacts to the surrounding environments. To date, we managed to register more than 500 products ranging from herbicides, pesticides to fungicides with the Malaysian Pesticide Board under the Pesticide Act 1974.

Apart from on-going research and development, we have stringent monitoring protocols throughout our production process to ensure good quality of products while meeting environmental requirements as outlined by the relevant authorities and emphasis on the safety of production environment.

CUSTOMER SATISFACTION

Meeting our customers' requirement and satisfaction level give a competitive edge to our business. We strive to deliver the best quality of products and services to our customers. In ensuring their satisfaction towards our products and services, we engage with customers regularly to understand their aspiration and needs. In addition, we provide full support to our customers from pre-sales stage to post-sales stage as follows: -

Pre-sales	On-Site	Post-Sales
Product demonstrations	Field testing session	Provide technical advice to improve yield on customers' crops

Any enquiries and complaints from customers shall be dealt with by our employees within a short period of times. Besides, we maintain our customers' information within the periphery of Malaysian Personal Data Protection Act 2010.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Corporate Governance

The Group is committed in having best practices and principles of corporate governance in line with the Malaysian Code on Corporate Governance 2012 to ensure that the governance standard in the Group is observed with a holistic approach to sustain long-term shareholders value and returns to our stakeholders. Elaboration on the corporate governance practices of the Group can be found in the Corporate Governance Overview Statement within this Annual Report.

Risk Management

Hextar has a risk management committee to oversee the risk management process within the Group` in order to safeguard the shareholder's investment, the interest of our stakeholders and the Group's assets. Details of our Group's risk management is discussed in the Statement on Risk Management and Internal Control within this Annual Report.

ENVIRONMENTAL

Hextar is caring to the environment that we live and attempts to adopt eco-friendly practices in its daily operations in order to minimise negative impacts to the surrounding environments.

MATERIAL AND ENERGY MANAGEMENT

We are practising material management and ensure energy efficiency by conserving material resources and energy within our production process and working environment.

Production Process

- Reducing the usage of environmentally harmful raw materials;
- Reducing the consumption of electricity and water by managing production schedules effectively;
- Managing waste disposal carefully in accordance to relevant regulatory requirements; and
- Recycling any materials or resources that are recyclable/reusable.

Working Environment

- Increasing use of electronic softcopies to reduce paper consumption;
- Recycling papers and any other recyclable/reusable items;
- Increasing use of technology for communication to reduce the need for business travelling;
- Conserving water and electricity consumption;
- Encouraging the use of public transport or carpooling when travelling to and from work; and
- Allowing for certain degree of flexibility on working hours to our employees in sales and marketing department so as to minimise the time, efforts and fuel consumption which would have otherwise been futile especially during peak traffic hours. This could reduce carbon footprint as well.

LAWS AND REGULATIONS COMPLIANCE

The International Organisation for Standardisation ("ISO")

ISO ensure products and services provided are safe, reliable and of good quality.

Rest assured to our stakeholders, we are certified with ISO in manufacturing, formulating, repacking and marketing of agricultural and industrial chemicals. Minimum of a yearly review is to be conducted by the regulatory body to ensure our compliance and standards in production are satisfactory.

Good Manufacturing Practice ("GMP")

GMP is a set of regulations that ensures the quality of drugs, medical devices, blood, and some types of food. The regulations govern manufacturing, facilities and controls for the manufacturing, processing, packaging or holding of a drug product.

In our consumer products segment, certain products (wet wipes) require liquid chemicals that will expose to human skin which can be harmful if not properly tested and verified. The relevant production in our factory is GMP certified and regulated. This ensure all our relevant products are trusted by stakeholders thus maintaining good reputation for its quality and safety.

ENVIRONMENTAL

LAWS AND REGULATIONS COMPLIANCE (CONT'D)

Environmental Quality (Scheduled Wastes) Regulation 2005

Scheduled wastes are defined as materials that become waste only at the point in which it is emitted, discharged and could possibly causes pollution eventually.

We are required to comply with the Environmental Quality (Scheduled Wastes) Regulation 2005 within our pesticide manufacturing segment to ensure the scheduled wastes in factory are properly managed.

POLLUTION MINIMISATION

We are doing our part to minimise pollution to the surrounding environments. On top of maintaining strict compliance to Environmental Quality (Scheduled Wastes) Regulation 2005, we also engaged independent sub-contractor or accredited laboratory to measure and monitor the air and noise level of our production within agriculture segment periodically to ensure that we are in compliance to the relevant regulations and guidelines and not detrimental to the environments.

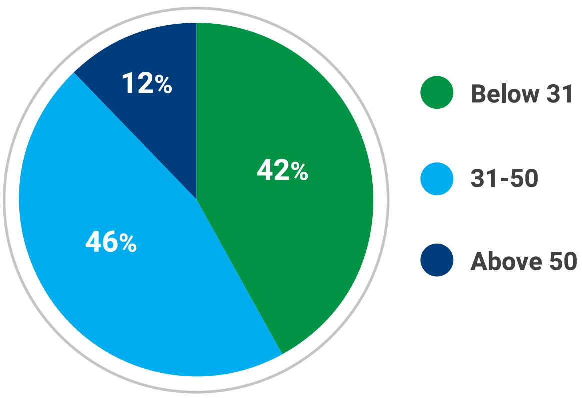
SOCIAL

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

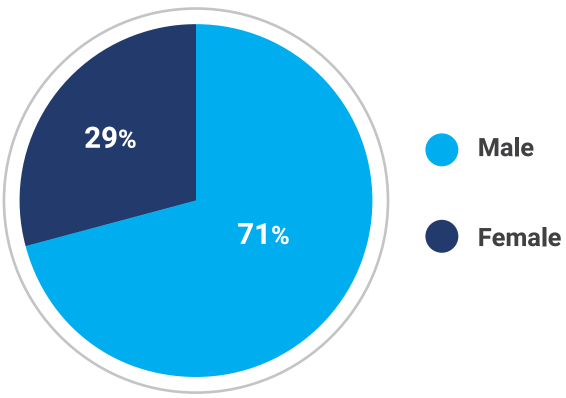
EMPLOYEES DIVERSITY AND EQUAL OPPORTUNITY

We value diversity in skills, experiences, capabilities and backgrounds of our employees and we believe that a diverse pool of employees build a strong foundation for the success of an organisation. Hence, we recruited and retained talents with diversity in term of age, gender, ethnicity, qualifications, backgrounds and cultures. As at 31 December 2019, we have 384 employees in total.

Age Group

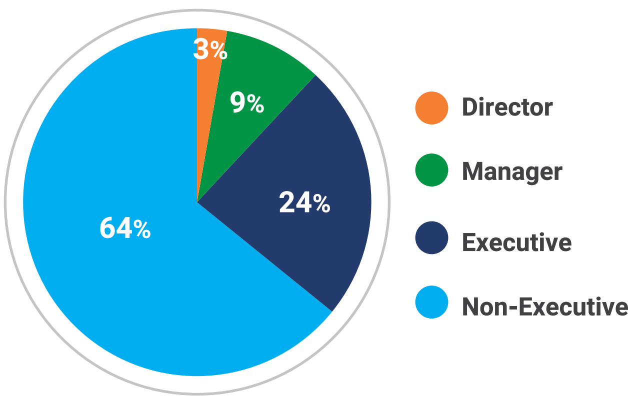


Gender

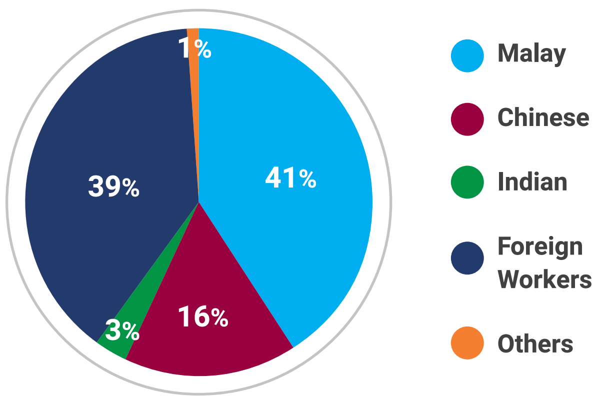


SOCIAL

Employee Structure



Ethnicity

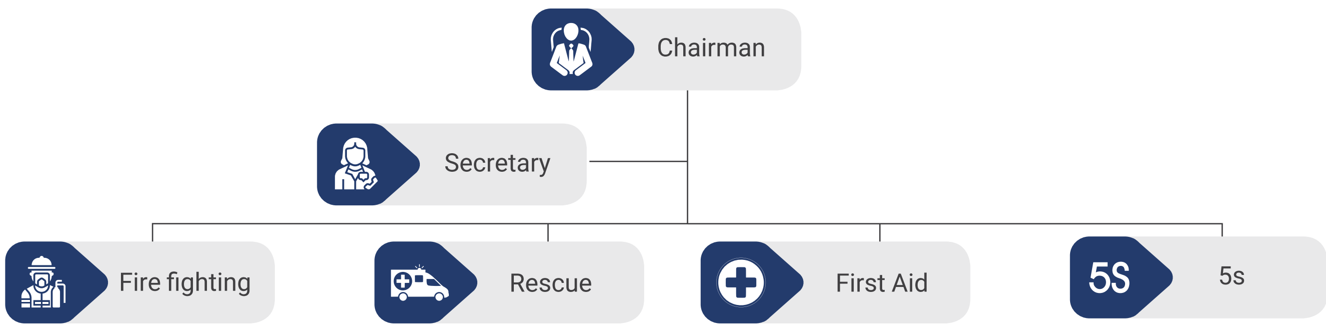


OCCUPATIONAL SAFETY AND HEALTH

As a responsible corporate organisation, we are committed to ensure a safe and healthy workplace and business premises for our employees and visitors.

We are pleased to highlight that our Occupational Health and Safety Management System in the scope of manufacture, formulate and repacking of agricultural and industrial chemicals has been certified with OHSAS 18001:2007.

We have in place Safety and Health Committee ("SHC") in some of our subsidiaries which generally consist of Fire Fighting, Rescue, First Aid and 5S Team that led by chairman. SHC was formed to formulate, review and disseminate safety and health standards and procedures and to recommend corrective actions for any identified hazards to our employees. In addition, SHC shall ensure compliance to the requirements of the Department of Occupational Safety and Health, Ministry of Human Resource and the Department of Environment, Ministry of Environment. Our general SHC structure is depicted as follows: -



Our Safety and Health Policy

- To comply with applicable regulations such as Occupational Safety and Health Act 1994, Factories and Machinery Act 1967, Environmental Quality Act 1974, and any other relevant rules and regulations as well as codes of practices;
- To establish a safe and healthy working environment;
- To strengthen risk mitigation and pollution prevention measures so as to minimise any adverse impacts to employees and surrounding environments; and
- To provide proper trainings to the employees while create awareness to customers and contractors on the responsibilities in taking care of the safety and health of the people and conserving the surrounding environments.

SOCIAL

OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

Our Safety and Health Briefing/Training in FYE2019

Conducted in	Briefing/ Training
April 2019	Occupational Safety and Health (Noise Exposure) Regulations 2019
September 2019	Usage of personal protective equipment
October and November 2019	Fire drill
November 2019	Safe forklift handling
Every month	Toolbox usage briefing

Our Safety Practices

- Every employee is responsible to report any potential hazard, injury or accident immediately to their immediate superior or department head for necessary remedy actions to be carried out.
- All basic safety and health features such as fire extinguishers and medical boxes must not be expired, all emergency exit or walkway must be clear for evacuation.
- Employees at sites or factory areas must be careful and wear proper protective equipment to safeguard personal safety.

EMPLOYEES TRAINING AND DEVELOPMENT

We believe that highly skilled and dedicated workforces are essential to create long-term value towards the growth and success of our Group. It is our corporate culture to ensure conducive and knowledge sharing amongst employees where employees are able to learn, develop and achieve their best potentials.

Apart from on-job trainings, we provide opportunities to our qualified employees to attend training and/or personal development program so as to enhance their capabilities, skills and knowledge in order to improve their work performances and self-fulfillment. Our Group's training program are aligned with our business strategies that clearly linked to business needs and in compliance to regulatory requirements. Trainings and/or personal development programs are aimed to maintain and develop the competency, technical, safety, interpersonal, business and management skills of our people.

SOCIAL

A summary of our training and development initiatives attended by our employees in FYE2019 are as follows: -

Conducted in	Training/ Seminar
January 2019	ISO45001:2018 Awareness training
February 2019	ISO45001:2018 Documentation and enhancement
February 2019	Practical production planning and control
February 2019	Contribution of foreign workers SOCSO EIS
April 2019	SST 2.0
April 2019	14th MEXPA Government Grants and Financial Assistance for Malaysian Companies and its Application Procedures
April 2019	The important of calibration
August 2019	Understanding the practices of Employment Act 1955
October 2019	Companies Act 2016: Are you complying with the latest updates and compliance procedures?
December 2019	iWoW HRMS payroll software

In addition to the above, we have conducted products demo and selection sessions on several sites for our employees' better understanding and learning.

Paloh Hinai

Sg. Lembing

Kemaman

Sg. Lembing

Jerantut

Paloh Hinai

SOCIAL

EMPLOYEES ENGAGEMENT

Hextar recognises the importance of employees' engagement as it stimulates bonding amongst management and employees. Throughout the FYE2019, we have organised several Group events to engage our employees as follows: -

Super Heroes Annual Dinner

On 21 June 2019, our employees dressed up themselves with Marvels and DC Comics characters to join our annual dinner.

As an appreciation to our employees, we have given out long service awards, best dress awards and lucky draw gifts. The night was filled with joy and laughter while employees are getting closer to each other.

Bowling Tournament

A total of 43 employees have participated in the bowling tournament organised by our very own Sports Club.

We believe friendly match helps to foster relationships amongst employees from different business units.

Badminton Sessions

Not to miss out the national favorite sports activity, our Sports Club has also organised badminton exercise sessions for employees to sweat and destress at the same time. It is a fitness journey that everyone committed and strive to achieve together.

Team Building

A 3 days 2 nights team building focusing on vision, strategy and leadership was conducted at Grand Lexis, Port Dickson to enrich and motivate our employees to work together and cultivate team spirits.

SOCIAL

CONTRIBUTION TO COMMUNITY

We have put in efforts in contributing to the development and wellbeing of our local community via several events below:-

Briefing Session

Briefing session given to officers from Department of Agriculture Pahang, Ministry of Agriculture and Agro-Based Industry on the chemicals calibration, safety measures to be adopted while using chemicals or pesticides and its impacts in the event safety measures are not properly adopted.

Farm Day

Visited to banana farm located at Jerantut together with District Officer and sharing with several farm owners on the usage of pesticide namely "DECADE 25EC (ai: propiconazole)" to control "Sigatoka" disease found on banana plantation.

Mini Carnival

Attended a mini carnival held at District Pekan together with officers from Agriculture Development District Pekan to introduce the need to use pesticide namely Cypermethrin in extinguishing beetle insects found on coconut plantation.

Sponsorship for Indoor Football Tournament

We have sponsored for an indoor football tournament held at Home of Sports Klang to encourage sport activities and healthy living of our employees and the community

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with Corporate Governance Report 2019 ("CG Report"). The Board of Directors of Hextar ("Board") presents this statement to provide an insight on the corporate governance practices of the Company under the management of the Board. This statement also describes how the Board discharges its duties and responsibilities in building a sustainable business while working towards achieving the Hextar Company ("Company") strategic goals and values in business and to deliver long-term sustainable shareholder value while protecting the interests of the Company's shareholders and other stakeholders.

The Board is pleased to set out below the manner by which the Company currently comprehends the key principles of good governance and the extent to which it has applied and reported best practices prescribed under the Malaysian Code on Corporate Governance 2017 ("Code") for the financial year ended 31 December 2019 ("FYE2019").

The key features of the Code are listed in Diagram below and the Company comprehends on these approaches and will be at our best to apply and report it accordingly.

- The Comprehend, Apply and Report approach - CARE
- The Shift from comply or explain to apply or explain an alternative
- Greater focus and clarity on the Intended Outcomes for each Practice
- Guidance to assist companies in applying the Practices
- Identify exemplary practices which support companies in moving towards greater excellence - Step Ups

The ensuing paragraphs describe the extent of how the Company has applied and complied with the principles and best practices of the Code for the FYE2019. The detailed application for each practice as set out in the Code is disclosed in the CG Report which is available on the corporate website: www.hextarglobal.com.

The Code focused on three key principles for good corporate governance:

- **Board leadership and effectiveness;**
- **Integrity in corporate reporting and meaningful relationship with stakeholders**
- **Effective audit and risk management;**

The Board has also provided specific disclosures on the application of each Practices in its CG Report. The CG Report is announced together with this Annual Report of the Company and is accessible online at www.hextarglobal.com. Shareholders are advised to read this overview statement with the CG Report.

A. BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is collectively responsible for the overall conduct of the Company's business on behalf of the shareholders and takes full responsibility for the performance of the Company. In setting the Company's overall strategy and governance and in pursuit of the Company's objectives, the Board takes into account the interests of the stakeholders in its decision-making so as to ensure the Company's objectives in creating long-term shareholder value are met. The Board provides the leadership necessary to the management of the Company ("Management") and monitors the Company's performance and operational progress towards the Company's business objectives.

The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees ("Committees"):-

i) Audit
ii) Risk Management
iii) Nomination
iv) Remuneration

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the website in Corporate Governance under Policy Disclosures at http://www.hextarglobal.com/investor-relations.

1.2 The Chairman

The Chairman holds a Non-Executive position, and is responsible for matters pertaining to the Board and the overall conduct of the Company. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture. The Chairman, who must be a non-executive member of the Board, has the responsibility of ensuring that the Board works smoothly and effectively. His responsibilities include ensuring all relevant issues are addressed on the agenda of Board meetings and the Chairman therefore, in consultation with the Executive Directors ("ED") and/or Senior Management i.e. Chief Executive Officer ("CEO") and the Company Secretary sets and approves the agenda of Board meetings. He also ensures that all Directors participates in Board activities and that they receive relevant information on a timely manner. The Chairman oversees and ensures that the ED and Management provide the Board with a true, fair and full account of the condition and state of the Company's businesses, operations and cash flows.

1.3 Chairman and CEO/ED

The Chairman of the Company is Y.D.H Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir and the ED of the Company are Dato' Ong Choo Meng and Madam Lee Chooi Keng.

The Board is guided by the Board Charter and the Limits of Authority ('LOA") which define matters that are specifically reserved for the Board and the delegated day-to-day management of the Company under ED. The LOA is cascaded to the Senior Management Team.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Objectives and Goals (cont'd)

1.3 Chairman and CEO/ED (cont'd)

There is a clear division of responsibilities between the Chairman and the ED. The LOA sets specific parameters in which decisions can be made.

The ED are responsible for the overall performance of the Company after the resignation of the CEO. They develop and implement the strategic goals of the Company after obtaining Board's endorsement for it and oversees the day-to-day management of the Company to ensure compliance and consistent application to the policies, standards, procedures and practices of the Company in carrying out the plans, instructions and directions of the Board. The ED will also assess all potential business opportunities.

The ED is supported by Senior Management Committees for each major business division, whose duties are clearly defined in their scope of work. The ED is responsible for overseeing the performance of each business division and reporting the same to the Board on a quarterly basis.

1.4 Qualified & Competent Secretary

Every Director has ready and unrestricted access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary ensures that Board Policies and procedures are both followed and reviewed regularly, and are responsible to ensure that each Director is made aware of and provided with guidance as to his/her duties, responsibilities and powers.

The Board is regularly updated by the Company Secretary on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. They are also responsible for ensuring the Company's compliance with the relevant statutory and regulatory requirements.

The Company Secretary plays an advisory role to the Board, particularly with regards to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation as well as the principles of best corporate governance practices. The Company Secretary also briefs the Board on the contents and timing of material announcements to be made to Bursa Securities.

Our Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance practices through continuous training. During the year the Company Secretaries have accumulated the requisite Continuing Professional Development points required of MAICSA members who are practicing company secretaries. The Board has full and unrestricted access to the advice and services of the Company Secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their duties.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Objectives and Goals (cont'd)

1.5 Access to Information and Advice

The Board meets regularly during the financial year. The meetings are planned at the beginning of the financial year and the meeting calendar circulated in advance to enable the Directors to reserve their dates for the Company. The agendas for each Board meeting are circulated in advance. The Board is provided with the relevant agenda and board papers in sufficient time, at least five (5) business days, prior to the meetings to enable them to obtain further explanations and clarifications to facilitate informed decision-making. The Board papers include reports on the Company's financial, operational and corporate development. In order to maintain confidentiality, board papers on issues or corporate proposals which are deemed highly confidential would only be distributed or shared at the meeting itself.

The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for discharge of its responsibilities and may obtain independent professional advice at the Company's expense in furtherance of their duties.

Directors are supplied, with regards to scheduled meetings, with detailed reports and supporting documents from the management pertaining to financial performance of the Company and each operating business segment, investments and strategic involvements prior to the meeting for their review and consideration to assist them in making well-informed decisions. Senior Management staff are invited to the Board meetings to brief the Board on areas of business within their responsibilities, provide Board members with insights into the business or to clarify the matters tabled or raised by the Board and if required, external professional advisors are engaged to provide input on such matters.

During the financial year under review the Board held a total of five (5) meetings. Special Board meetings were convened to consider urgent proposals or matters requiring the Board's expeditious consideration. There were also decisions taken by way of Directors' Written Resolutions.

2. Responsibilities

2.1 Board Charter

The Board is guided by the Board Charter, which is constantly updated and reviewed to ensure its consistency with the practices and adherence to the relevant rules, regulations and governance. A copy of Charter can be found on the Company's website at http://www.hextarglobal.com. The Charter provides reference for the Board in relation to its roles, powers, duties and functions in the discharge of its duties. The Charter also outlines the processes and procedures adopted to ensure the Board and Board Committees' effectiveness in discharging their fiduciary duties. In the Board Charter as well, the Board has established a formal schedule of matters reserved to the Board for its deliberation and decision in order to enhance the delineation of roles between the Board and Management.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

2. Responsibilities (cont'd)

2.1 Board Charter (cont'd)

The Board Charter covers the following broad areas:

- Composition of the Board, including size, nominations and appointments and re-elections, annual board evaluations;
- Board Roles and Responsibilities inclusive of Separation of Roles between Chairman of the Board and CEO, Board Committees and the responsibilities of the Directors;
- Board Processes covering meetings, access to independent advisors. Directors' training and Remuneration Committee;
- Compliance of conduct, its core areas and application; and
- Review of the Board Charter.

2.2 Issues reserves for the Board

In compliance with best practice in corporate governance, Mr Yeoh Chin Hoe was appointed as the Company's Senior Independent Director ("SID") in year 2017. The SID is the main channel between the Independent Directors and the Chairman on matters that may be deemed sensitive and provides an alternative communication avenue for shareholders and stakeholders alike to convey their concerns and raise issues.

The role of the SID is included in the Board Charter, which is accessible on the Company's website. The SID is also the channel identified in the Company's Whistle-Blowing Policy to whom reports can be directed to.

All queries relating to the Company can be sent to the SID's email address at whistleblower@halex-group.com.

For the financial year under review no shareholders has asked or communicated with the SID.

3. Code of Conduct and Policies

3.1 Corporate Code of Conduct & Ethics

Formalised Ethical Standards through Code of Conduct & Ethics

The Company has in place a Code of Conduct & Ethics ("the Conduct") that governs the standards of ethics and responsible business conduct expected from the Board and employees. The said Conduct has been established and crafted based on the principles as set out in the Code of Conduct & Ethics published by the Companies Commission of Malaysia and encompasses principles in relation to honesty, integrity, responsibility and corporate responsibility. The Code is available in the company's website www.hextarglobal.com.

The Conduct covers all aspects of the Company's business operations such as compliance with laws, policies and procedures, integrity, conduct in the workplace, business conduct, maintaining confidentiality and disclosure of information, anti-corruption & fraud, conflicts of interests, insider trading, protection of the Company's assets, safety & health, privacy protection, equal opportunity, anti-harassment and criminal breach of trust.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

3. Code of Conduct and Policies (cont'd)

3.1 Corporate Code of Conduct & Ethics (cont'd)

Formalised Ethical Standards through Code of Conduct & Ethics (cont'd)

In addition to the above Conduct and policy, the Company's employees are also guided by the divisional Vision and Mission values which are embedded in the division's strategic goals and objectives.

Directors' Code of Conduct & Ethics

The Board has adopted a Code of Conduct & Ethics for the Directors of the Company, which covers a wide range of business practices and procedures. This Code of Conduct & Ethics describes the standards of business conduct and ethical behaviour for Directors in performing and exercising their responsibilities as Directors of the Company or when representing the Company.

It covers the areas of compliance with rules, regulations and laws, conflict of interest, insider trading, anti-corruption & fraud, whistleblowing and corporate disclosure.

3.2 Whistle-Blowing Policy

As part of the Company's continuous efforts to ensure that good corporate governance practices are being adopted, the Company has established a Whistle Blowing Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

Whistle-Blowing Policy provides an avenue for employees to freely communicate to the appropriate parties their concerns about unethical practices or malfeasance without fear of repercussion and intimidation in a safe and confidential manner. Concerns may be reported to the Chairman of the Whistle-blowing Committee, Mr. Yeoh Chin Hoe, SID of the Company. All reports received will be investigated independently to ensure appropriate actions are being taken.

The Code of Conduct & Ethics and Whistle-Blowing Policy are made available to employees of the Company. Salient features of the Code of Conduct & Ethics and the Whistle Blowing Policy may also be obtained from the Company's website.

PART II - BOARD COMPOSITION

4. Board's Objectivity

4.1 Composition

The Current Board consists of six (6) members, of which two (2) are ED, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors ("NED") including a SID.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board's Objectivity (cont'd)

4.1 Composition (cont'd)

Chairman	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Chairman
Vice Chairman	Dato' Ong Soon Ho	Non-Independent Non-Executive Vice Chairman
Member	Dato' Ong Choo Meng	Executive Director
Member	Lee Chooi Keng (f)	Executive Director
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Liew Jee Min @ Chong Jee Min	Independent Non-Executive Director

4.2 Tenure of Independent Director

To-date none of the Independent Directors have served on the Board for a cumulative term of more than nine (9) years in the Company.

4.3 Policy of Independent Director's Tenure

The Company does not have a policy which limits the tenure of its independent directors. In the event it is required, shareholders' approval will be obtained at the Annual General Meeting ("AGM") each year for the reappointment of any Independent Non-Executive Director who has served for more than nine (9) years.

4.4 Diverse Board and Senior Management Team

The Profile of Directors and the Key Senior Management Team can be found on pages 10 and 15 respectively. The appointment of Board and Key Senior Management are based on objective criteria, merit and besides gender diversity, due regard are given for diversity in skills, experience, age and cultural background.

4.5 Gender Diversity

The Board is supportive of gender diversity and currently Board composition comprises 16.67% of female directors. The Board through the Nomination Committee will consider gender diversity as part of its criteria in its future selection and will look into increasing female board representation.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board's Objectivity (cont'd)

4.6 New Candidates for Board Appointment

The Board has taken note of the importance of succession planning to the Company and succession planning includes appointing, training, fixing the compensation of and where appropriate, replacing EDs and Management. The possibility of replacing Executive Directors and Management will be addressed when circumstances required.

The Nomination Committee ("NC") has been tasked with planning for a viable succession plan for Directors and Key Management of the Company. The NC monitors the performance of the Board and reviews and evaluates suitable potential candidates to fill in any gaps therein.

4.7 Nomination Committee

The Nomination Committee ("NC") is tasked with the responsibility to oversee the selection and assessment of Directors for appointment, re-election or re-appointment to the Board and Board Committees. The Current NC comprises exclusively of Independent NEDs:

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

The principal objectives of the Nomination Committee as stated in its Terms of Reference are:

1. Lead the process to identify and nominate suitable candidates for appointment to the Board to fill Board and Board Committee vacancies as and when they arise;
2. Establish the criteria for Board membership required for a particular appointment including experience, skills, knowledge, expertise, professionalism, integrity, time commitment and other factors having regard to the leadership needs of the Company;
3. Review annually the structure, size, balance and composition of the Board and Committees including the required mix of skills, knowledge and experience, the independence of the non-executive directors and Board diversity in terms of gender and age to competently discharge their duties and recommend to the Board with regard to any change;
4. Evaluate and recommend to the Board for re-election or otherwise, directors who are retiring pursuant to the Constitution of the Company having regard to their performance and contributions to the Board as well as the removal of directors;
5. Evaluate on an annual basis the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director;
6. Assess the training needs of each Director;

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board's Objectivity (cont'd)

4.7 Nomination Committee (cont'd)

During the financial year, in discharging their duties, the NC met one (1) time and reported the following to the Board:

i. The review and recommendation to organisational changes to the Company organisation chart;
ii. The effectiveness of the present size of the Board;
iii. The effectiveness of the composition of the Board in relation to the mix Independent Directors, NEDs and EDs;
iv. The effectiveness of the composition of the Board in relation to the mix of skills, experience, age and other qualities;
v. The existence or any conflict of interests, where present, of the present and potential Directors with the businesses of the Company;
vi. The contribution of individual Directors in relation to their time commitment, participation and decision-making; and
vii. The training undertaken by the individual Board members and the recommendation of appropriate courses to enhance their skills.

5. Overall Board Effectiveness

5.1 Annual evaluation

The Board meets on a minimum of quarterly basis, additional as and when required. The general agenda of the meetings includes discussion over minutes of previous meetings, quarterly financial results of the Company and any other issues requiring the Board's deliberation and approval. The agenda for each Board meeting is circulated to all the Directors for their perusal prior to the convening of each meeting to enable Directors to obtain further clarifications/explanations prior to the meeting to ensure smooth proceeding of each meeting. The proceedings and resolutions reached at each Board meeting are minuted and signed by Chairman of the meeting.

Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through circulation of Directors' Resolutions.

The Board had held five (5) meetings during the financial year on 4 January 2019, 25 February 2019, 27 May 2019, 19 August 2019 and 18 November 2019.

Record of each Board of Director's attendance at meetings during the year under review is set out below:-

No.	Directors	Total Meeting Attended	%
1.	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir *(Chairman)*	5/5	100
2.	Dato' Ong Soon Ho	5/5	100
3.	Dato' Ong Choo Meng	5/5	100
4.	Lee Chooi Keng (f)	5/5	100
5.	Yeoh Chin Hoe	5/5	100
6.	Liew Jee Min @ Chong Jee Min	5/5	100

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness (cont'd)

5.1 Annual evaluation (cont'd)

The following are the record of attendance for Board Committees' Meetings held in 2019:-

Audit Committee ("AC")

During the financial year ended 31 December 2019 the AC held six (6) meetings 4 January 2019, 25 February 2019, 15 April 2019, 27 May 2019, 19 August 2019 and 18 November 2019 and details of attendance of each Committee member are as follows:-

No.	Directors	Total Meeting Attended	%
1.	Yeoh Chin Hoe *(Chairman)*	6/6	100
2.	Dato' Sri Erwan Bin Dato' Haji Mohd Tahir	6/6	100
3.	Liew Jee Min @ Chong Jee Min	6/6	100

Nomination Committee ("NC")

During the financial year ended 31 December 2019, the NC held one (1) meeting on 18 November 2019 and details of attendance of each Committee member are as follows:-

No.	Directors	Total Meeting Attended	%
1.	Liew Jee Min @ Chong Jee Min *(Chairman)*	1/1	100
2.	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	1/1	100
3.	Yeoh Chin Hoe	1/1	100

Risk Management Committee ("RMC")

During the financial year ended 31 December 2019, the RMC held two (2) meetings on 25 February 2019 and 19 August 2019 and details of attendance of each Committee member are as follows:-

No.	Directors	Total Meeting Attended	%
1.	Lee Chooi Keng (f) *(Chairman)*	2/2	100
2.	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	2/2	100
3.	Yeoh Chin Hoe	2/2	100

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness (cont'd)

5.1 Annual evaluation (cont'd)

Remuneration Committee ("RC")

During the financial year ended 31 December 2019, RC had on 25 February 2019 held one (1) meeting and details of attendance of each Committee member are as follows:-

No.	Directors	Total Meeting Attended	%
1.	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir *(Chairman)*	1/1	100
2.	Yeoh Chin Hoe	1/1	100
3.	Liew Jee Min @ Chong Jee Min	1/1	100

The Company Secretary helps to monitor the limitation on directorships as required under the MMLR. The Directors upon appointment or resignation as the case may be, will notify the Company Secretary of their directorships in other companies for disclosure to the Board at Board meetings.

Prior to accepting invitation for appointments to other boards Directors are to discuss with the Chairman their board invitation. The Board recognises that its Directors may be invited to become directors of other companies and that exposure to other boards can broaden the experience and knowledge of its Directors which will benefit the Company. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Director's performance as a member of the Board.

The Chairman after reviewing the said Director's attendance record and the time spent at the Company's Board and Board Committee meetings together with his participation during meetings, the Chairman will discuss with the said Director regarding his invitation to sit on another board and on conclusion would agree/disagree with the Director regarding the invitation.

All the Board members have attended the Mandatory Accreditation Programme as required by the MMLR.

The Board has assumed the onus of determining and overseeing the training needs of the Directors. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretary will also provide updates to the Directors from time to time on relevant guidelines and statutory and regulatory requirements.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Board Effectiveness (cont'd)

5.1 Annual evaluation (cont'd)

Remuneration Committee ("RC") (cont'd)

During the financial year under review, the Directors attended the following training:-

SUMMARY OF TRAINING / COURSES ATTENDED BY THE DIRECTORS (2019)

Attendant	Programme
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Sun Tzu's Art of War for Traders and Investors Series: Effective Corporate Strategy in Current Environment
Liew Jee Min @ Chong Jee Min	Revisiting The Misconception of Board Remuneration Demystifying The Diversity Conundrum: The Road to Business Excellence Bursa Malaysia Thought Leadership Series: The Convergence of Digitisation and Sustainability Bursa Malaysia Thought Leadership Series: Sustainability Inspired Innovations: Enablers of the 21st Century
Yeoh Chin Hoe	A guide for audit committees and independent Directors: Corporate governance, updates on Bursa Listing Requirements and current issues and updates in corporate financial reporting Session on corporate governance and anti-corruption Audit Oversight Board Conversation with Audit Committees
Lee Chooi Keng (f)	A guide for audit committees and independent Directors: Corporate governance, updates on Bursa Listing Requirements and current issues and updates in corporate financial reporting
Dato' Ong Soon Ho	Sun Tzu's Art of War for Traders and Investors Series: Effective Corporate Strategy in Current Environment
Dato' Ong Choo Meng	SME CEO Forum 2019 Breaking Barriers

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

6. Remuneration

6.1 Policy

The Board has in place a policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Company. In this regard, the RC is responsible to formulate and review the remuneration policies for the NEDs and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices. The current Board Remuneration was approved by the shareholders at the 28th AGM of the Company held on 27 May 2019.

6.2 Committee

The members of the Remuneration Committee ("RC") consist of three (3) Non-Executive Directors and meet as and when required.

The members of the RC comprise wholly Non-Executive Directors. The current members of the Remuneration Committee are:-

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

The Remuneration Committee met once during the year.

7. Remuneration of Directors and Senior Management

7.1 Directors Remuneration details in 2019 and Proposed Remuneration for 2020

Fee	RM '000 (per annum) 2020	2019
Fee - Chairman	66	66
Fee - Audit Committee Chairman	54	54
Fee - Each Executive Director	-	-
Fee - Each Non-Executive Director	48	48

Allowances	RM '000 (per annum) 2020	2019
Meeting Allowance (per day)	1,000	1,000

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

7. Remuneration of Directors and Senior Management (cont'd)

7.1 Directors Remuneration details in 2019 and Proposed Remuneration for 2020 (cont'd)

The Directors' fees are subject to the approval of shareholders of the Company.

The remuneration of the Directors of the Company for 2019 is as follows:

a. NEDs

No.	Directors	Directors' Fee (RM'000)	Allowances (RM'000)	Other Emoluments (RM'000)
1.	Dato' Ong Soon Ho	48	8	3
2.	Dato' Sri Erwan Bin Dato' Haji Mohd Tahir	66	9	3
3.	Yeoh Chin Hoe	54	10	3
4.	Liew Jee Min @ Chong Jee Min	48	8	3

b. ED/CEO

No.	Directors	Fee / Salary (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
1.	Dato' Ong Choo Meng	564	199	763
2.	Lee Chooi Keng (f)	468	140	608

7.2 Remuneration of Senior Management

In determining the remuneration packages of the Group's Senior Management, factors that are taken into consideration includes individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration package is competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Board has not disclosed on a named basis of the top management five senior management's remuneration in bands RM50,000 as the Board is of the opinion that such disclosure may cause tension and unhealthy competition among senior management. In addition, such disclosure will not be in the best interest.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT & RISK MANAGEMENT COMMITTEE

8. Effective and Independent Audit & Risk Management

The AC is chaired by Mr Yeoh Chin Hoe. The Board has established an internal audit function within the Company, which is led by the out-sourced Internal Auditors, Eco Asia Advisory Sdn. Bhd., who reports directly to the AC. Details of the internal audit function and activities are set out in the AC Report of this Annual Report. During the year, the Company and the Group incurred RM50,000 in respect of the internal audit services.

Through the AC, 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 External Auditors provide mainly audit-related services to the Company. Due to the familiarity of the Company, the External Auditors also undertake certain non-audit services such as regulatory reviews and reporting and other services. Fees paid to the External Auditor for such non-audit services for the year amounted to RM75,388.

The Company has always maintained a transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with applicable approved financial reporting standards in Malaysia. A summary of the activities of the AC during the year is set out in the AC Report of this Annual Report.

The AC has also obtained a written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The AC has recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors for the financial year ending 31 December 2020. The re-appointment of Messrs. Crowe Malaysia PLT will be presented for shareholders' approval at the forthcoming 29th AGM.

The Company formalised during the year an Audit Independence Policy where the policy & procedures assess the suitability, objectivity & independence of the External Auditors.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Effective Risk Management and Internal Control Framework

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objective of the Company. The Board through the AC and RMC reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment. Further detailed information can be found in the Statement on Risk Management and Internal Control of this Annual Report.

10. Effective Risk and Internal Control

The Board acknowledges the importance of establishing a sound system of internal control. A Risk Management Framework has been established to manage risks and to safeguard shareholders' investment and the Company's assets. Moreover, the Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10. Effective Risk and Internal Control (cont'd)

RMC chaired by Ms Lee Chooi Keng has recommended to the Board who then approved and accepted the key features of the Risk Management framework and function together with details of the Company's internal control system and framework which are set out in the Statement of Risk Management and Internal Control of the Company of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Company recognises the importance of keeping shareholders and investors informed of the Company's business and corporate developments.

The shareholders are kept abreast of all important developments concerning the Company through regular and timely dissemination of information via quarterly financial announcements through Bursa Securities' website, distribution of annual report and various announcements made during the year. These will enable the shareholders, investors and members of public to have an overview of the Company's performance and hence, will enable them to make any informed investment decision relating to the Company.

The Company's website, www.hextarglobal.com, provides an avenue for information, such as dedicated sections on corporate information, including financial information and announcements. The website is continuously updated to ensure that the information contained within is correct.

PART II – CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholder Participation at General Meetings

The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the Company's AGM.

The AGM remains as the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any question raised during the meeting.

External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

Notice of the AGM, annual reports and circular are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

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

PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

12. Encourage Shareholder Participation at General Meetings (cont'd)

At the AGM, a summary review of the progress and concise overview of the Company's activities will be presented. Shareholders will be given opportunity to raise questions pertaining to the operations, financial and business progress and any other matters related to the agenda of the AGM and participate in the question and answer session on the Company's results.

Pursuant to the MMLR of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An Independent scrutineer will be appointed to validate the votes cast at the general meetings.

The outcome of the AGM will be announced to Bursa Securities on the same day of the meeting.

OTHER INFORMATION

Related Party Transactions

At the AGM held on 27 May 2019, the Company obtained a Shareholders' Mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature. Details of the transactions with related parties undertaken during the financial year under review are disclosed in Note 39 (b) to the financial statements.

COMPLIANCE STATEMENT

This statement on the Company's corporate governance practice is made in compliance with paragraph 15.25 and 15.08A of MMLR. The statement was approved by the Board on 29 May 2020.

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and guided by the "Statement on Risk Management and Internal Control — Guidelines for Directors of Listed Issuers" (Para. 32), it is the responsibility of the Board of Directors to ensure that a sound risk management and system of internal controls form an integral part of an effective system of corporate governance and risk management within the Group's management system.

Board's Responsibility

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's and Group's system of internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's and the Group's operational effectiveness and efficiency.

The Board confirms that there is a continuous process to identify, evaluate and manage the significant risks of the Group and this process is regularly reviewed by the Board who derives its comfort from the following processes:

- Regular and comprehensive information is provided by Management through regular meetings and visits to operating units, covering financial performance and key business indicators;
- Periodic financial results are deliberated every quarter against budgets;
- Financial and operational performance analysis are made and benchmarked against business objectives and targets;
- Periodic management reports on the adequacy and effectiveness of the Group's risk management and internal control systems in all material aspect; and
- Maintaining a high level of professionalism and competence of human resources through careful recruitment process, training and re-skilling programmes and a proper appraisal system.

Systems of Internal Control

The system of internal control covers financial controls, operational and compliance control as well as risk management. It is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with all applicable laws, regulations, rules, directions and guidelines. These systems are designed to manage, rather than eliminate the risks of not adhering to the Group's policies, goals and objectives; provide reasonable assurance, but not absolute assurance against material misstatement, fraud or loss. The Board may delegate the responsibility of monitoring these internal control systems to Management and exercise control through organisational structure with clearly defined roles, level of responsibility, authority and appropriate reporting procedures.

Based on the internal auditors' reports, there is reasonable assurance that the Group's systems of internal control as a whole are adequate and working satisfactorily. Minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Assurance from Management

In accordance with the Statement on Risk Management and Internal Control — Guidelines for Directors of Listed issuers, the Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that, to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately, in all material respects, based on the risk management and internal control frameworks adopted by the Group.

Internal Audit Function

The Company has outsourced its internal audit function to Eco Asia Advisory Sdn. Bhd. The Internal Auditors ("IA") have also reported to the Audit Committee ("AC") that, while they have addressed individual lapses in internal controls during the course of carrying out their internal audit assignments for the year, they have not identified any circumstances that suggest any fundamental deficiencies in the system of internal controls in the Group.

For the financial year under review in this Annual Report the total fees paid to the outsourced Internal Audit firms amounted to RM50,000. The AC, at its meeting held on 18 November 2019 undertook an annual assessment of the suitability and performance of the IA. The AC, in its assessment has considered several factors, which included adequacy and resources of the IA, quality control processes, the professional staff assigned to the audit, independence and objectivity of the IA, discussion on audit scope, plan and fees and communication from the IA.

Feedback was also sought from the management on the IA's performance. The AC was of the opinion that the performance of the outsourced IA was satisfactory and had recommended their re-engagement to the Board for the ensuing year. The Board, at its meeting on 18 November 2019 had, taken the AC's recommendation.

Risk Management Function

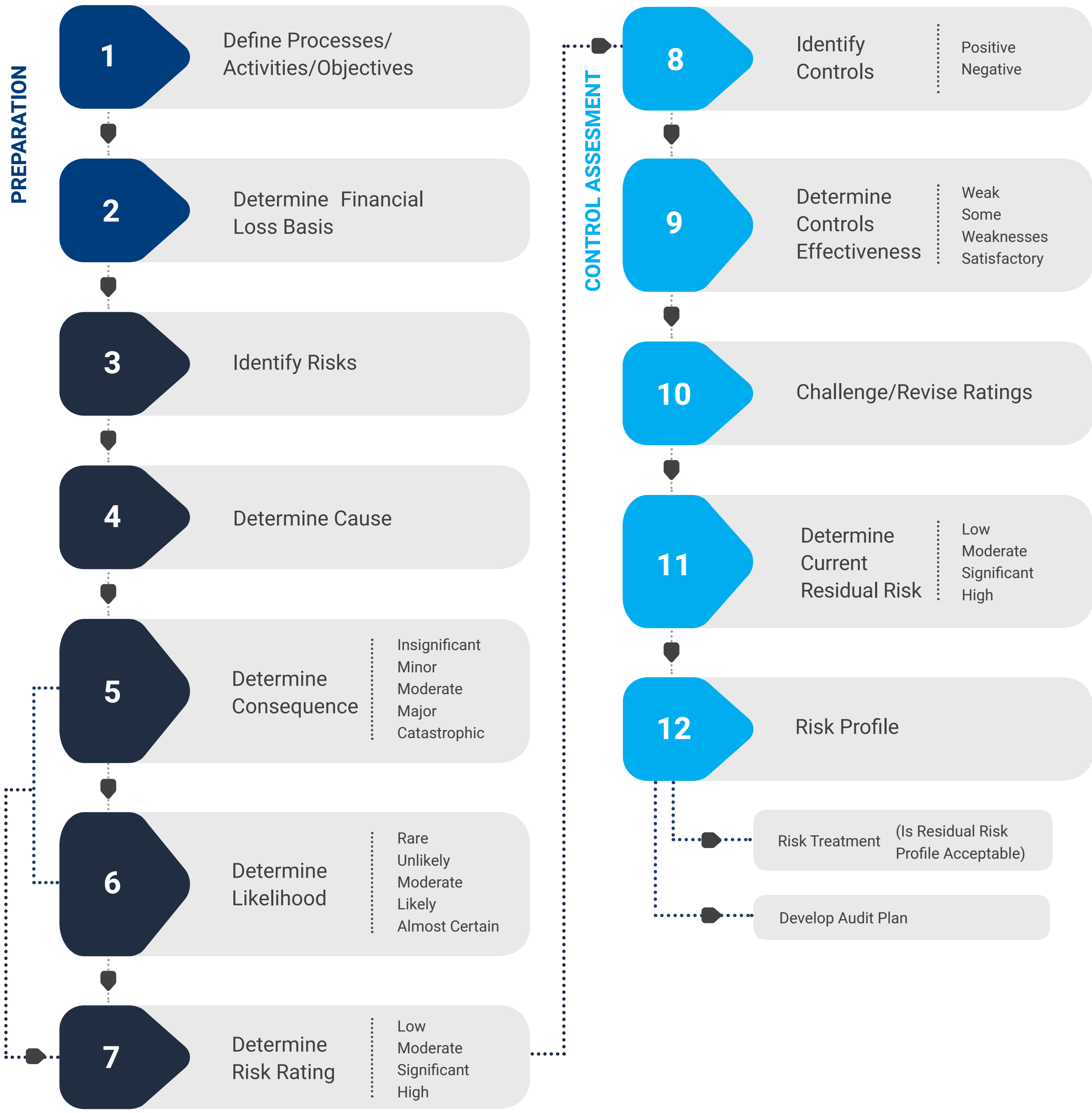
Risk management involves understanding, analysing and addressing risk to make sure organisations achieve their objectives. So it must be proportionate to the complexity and type of organisation involved. Because risk is inherent in everything we do, the type of roles undertaken by risk professionals are incredibly diverse.

The functions of risk management for the Company are:

- Supports the fulfilment of the Group's strategic objectives.
- Optimise business opportunities and the returns to the Group, and protect the interests of, stakeholders including shareholders, customers and staff, within acceptable level of risks.
- Promote and embrace education and Risk Assurance Culture.
- Improve customer service whilst at the same time minimise risk exposure.
- Safeguard the Group's assets and maintain its reputation and brand values.
- Identify and assess operational risks and other related business risks in order to improve the Group's operating performance without compromising effectiveness of internal control procedures.
- Compliance to Group policies, regulations and statutory requirements, including timely reporting of performance.

The Board is assisted by Risk Management Committee in reviewing and assessing the risk governance framework and the risk management process of the Group in respect of their adequacy and effectiveness. The Board receives formal feedback on the adequacy of the risk management on half yearly basis.

Framework of Risk Management Assessment



Risk Identification and Evaluation Process

The risks are identified through a series of discussions with the key personnel and management of the Group, which is then incorporated into a Business Risk Profile that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Risk Adoption and Monitoring Process

All risks identified are documented into a Business Risk Profile, which is updated on an ongoing basis and approved by the Board. The Business Risk Profile serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

All key risks and issues are regularly reviewed and resolved by the Management team at regular meetings. Through these mechanisms, key risks identified in the Business Risk Profile are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

Review of the Statement by Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report ("the Statement"). Their review was performed in accordance with Recommended AAPG 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code of Corporate Governance 2017 to be set out, nor the Statement is factually inaccurate.

Conclusion

The Board is of the opinion that the system of internal controls and risk management in place for the financial year ended 31 December 2019 and up to the date of approval of this report is sound and sufficient to safeguard the shareholder's investment, the interest of customers, regulators and employees, and the Group's assets. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

1. COMPOSITION

As at the date of this Statement, the Audit Committee ("AC") comprises three Independent Directors.

Yeoh Chin Hoe (Chairman)
Senior Independent Non-Executive Director

Y.D.H Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir
Independent and Non-Executive Director

Liew Jee Min @ Chong Jee Min
Independent Non-Executive Director

2. TERMS OF REFERENCE

2.1 Composition

(i) The Board shall elect an AC from amongst themselves (pursuant to a resolution of the Board of Directors) comprising not less than three (3) members whom shall be composed of independent non-executive members of the Board.

(ii) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

(iii) The term of office of the AC is two (2) years and may be re-nominated and appointed by the Board.

(iv) All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the AC cease to be a Director of the Company, his membership in the AC will cease forthwith.

(v) No Alternate Director of the Board shall be appointed as member of the AC.

(vi) If the number of members of the AC for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

(vii) All members of the AC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the AC shall excuse himself from the meeting during discussions or deliberations on any matter which gives rise to an actual or perceived conflict of interest situation for him.

(viii) A former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed as a member of AC.

2. TERMS OF REFERENCE (CONT'D)

2.2 Objectives

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the AC shall:

- Evaluate the quality of audits performed by the internal auditors ("IA") and external auditors ("EA");
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the quality, adequacy and effectiveness of the Group's control environment.

2.3 Duties and Responsibilities

The duties and responsibilities of the AC are as follows:

(a) To consider the appointment of EA for appointment or re-appointment and to assess the EA on their independence, qualification, adequacy of experience and resources of the firm and the resources assigned to the audit, the audit fee and any question of resignation or dismissal;

(b) To annual assess and report to the Board on the independence of the EA, obtaining from the EA their written assurance on their independence and confirmation of their continued registration with the Audit Oversight Board.

(c) To discuss with the EA before the audit commences, their audit plan, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved and to report the same to the Board;

(d) To review with the EA on their evaluation of the system of internal controls together with the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;

(e) To review the quarterly and year-end financial statements, focusing particularly on-
   - Any change in accounting policies and practices;
   - Significant adjustments arising from the audit;
   - Significant and unusual events;
   - The going concern assumption; and
   - Compliance with accounting standards and other legal requirements.

(f) To discuss issues and reservations arising from the interim and final audits, and any matter the EA may wish to discuss (in the absence of management, where necessary);

(g) To review with the EA their management letter and management's response (if any), the EA's audit report and the audited financial statements before the same are presented to the Board for approval;

(h) To review and ensure that the system of internal controls is sound, adequate and in place, effectively administered and regularly monitored;

(i) To review the Group's management information systems including systems for compliance with applicable laws, directives and guidelines;

2. TERMS OF REFERENCE (CONT'D)

2.3 Duties and Responsibilities (cont'd)

(j) To cause reviews to be made on the extent of compliance with established internal policies, standards, plans and procedures including the Code of Conduct & Ethics;

(k) To do the following, in relation to the internal audit function:-
- To review the qualification, independence, reporting structure and performance of the IA;
- To review the adequacy of the scope, functions, competency, audit methodology employed and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- To ensure that the goals and objectives of the internal audit function commensurate with the corporate goals of the Company;
- To review the internal audit programme and budget and be satisfied with their consistency with the Risk Management Framework used and results of the internal audit process and, where necessary, ensure that appropriate remedial actions are taken on the recommendations of the internal audit function and reporting the same to the Board;
- To review any appraisal or assessment of the performance of members of the internal audit function;
- To approve the appointment or termination of senior staff members of the internal audit function; and
- To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(l) To review any related party and conflict of interest transactions proposed to be entered into by the Group;

(m) To report its findings on the financial and management performance, and other material matters to the Board inclusive of resolving any disagreement between management and the EA regarding financial reporting;

(n) To monitor the process for dealing with complaints received by the Company regarding the Group's accounting issues, internal control matters or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

(o) To consider the major findings of internal investigations and management's response;

(p) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the bye-laws of ESOS of the Company (if any);

(q) To consider annually the Risk Management Framework adopted by the Group and to be satisfied that the methodology employed allows for the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner;

(r) To monitor the use of the EA in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their independence and objectivity as EA is not compromised. This would include the pre-approval for any such work inclusive of the hiring of employees or previous employees of the EA;

(s) To prepare the annual AC report to the Board for inclusion in the Annual Report;

2. TERMS OF REFERENCE (CONT'D)

2.3 Duties and Responsibilities (cont'd)

(t) To review the Board's statement in compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;

(u) To consider other topics as defined by the Board; and

(v) To consider and examine such other matters as the AC considers appropriate.

2.4 Authority

The AC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(a) Have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the AC;

(b) Have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the IA and EA and senior management of the Company and the Group;

(c) Obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;

(d) Have direct communication channels with the EA and person(s) carrying out the internal audit function or activity (if any); and

(e) Where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Malaysia.

2.5 Meetings and Minutes

The AC shall meet regularly and hold at least four (4) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

The Company Secretary shall be the Secretary of the Committee. The Secretary shall record, prepare and circulate the minutes of meetings of the AC and ensure that the minutes are properly kept and produced for inspection, if required.

Upon the request of the EA, the Chairman of the AC shall convene a meeting of the AC to consider any matter the EA believes should be brought to the attention of the Director or shareholders. A majority of the members in attendance shall form a quorum.

Notice of AC meetings shall be given to the AC members unless the AC waives such requirement.

The Chairman of the AC shall engage on a continuous basis with senior management, such as the Chairman, the Executive Directors, the head of IA and the EA in order to be kept informed of matters affecting the Company.

2. TERMS OF REFERENCE (CONT'D)

2.5 Meetings and Minutes (cont'd)

The Chairman, head of IA and a representative of the EA should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. The AC shall be able to convene meetings with the EA, the IA or both, without executive Board members or employees present whenever deemed necessary.

Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The AC Chairman shall report on each meeting to the Board.

The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

3. ACTIVITIES CARRIED OUT BY THE AC

During the financial year ended 31 December 2019 the AC held six (6) meetings on 4 January 2019, 25 February 2019, 15 April 2019, 27 May 2019, 19 August 2019 and 18 November 2019 which were attended by the members. Management and the IA were invited to attend four (4) of these meetings to assist in clarifying matters raised at the meeting.

No.	Directors	Total Meeting Attended	%
1.	Yeoh Chin Hoe (Chairman)	**6/6**	**100**
2.	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	**6/6**	**100**
3.	Liew Jee Min @ Chong Jee Min	**6/6**	**100**

The Group's EA were present at two (2) AC meetings where matters relating to the statutory audit of the Group's annual financial statements were discussed.

The Chairman of the AC reports to the Board on matters deliberated at every AC and the recommendations made by the AC.

Besides the above, during the year the AC carried out its duties in accordance to its Terms of Reference and the main activities included:

(i) Financial Reporting

- reviewed the quarterly financial results of the Group and the relevant announcement to Bursa Malaysia before recommending the same to the Board for its approval. All the quarterly financial results were reviewed in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and the disclosure requirements of Appendix 9B of the Bursa Malaysia's Main Market Listing Requirements ("MMLR"); and

- reviewed the annual audited financial statements of the Group prior to submission of the same to the Board for approval. The review also included the assurance that the financial reporting and disclosures were in compliance with MMLR, the provisions of the Companies Act, 2016, MFRS, applicable International Financial Reporting Standards, and any other relevant legal and regulatory requirements.

3. ACTIVITIES CARRIED OUT BY THE AC (CONT'D)

(ii) Internal Audit

- reviewed the IA plan including the audit methodology in assessing and rating the auditable areas based on a risk-based approach;
- reviewed the effectiveness of the audit process, resource requirements for the year and assessed the competency and performance of the outsourced professional IA, Eco Asia Advisory Sdn. Bhd. on 18 November 2019; and
- reviewed any related party, recurrent related party or conflict of interest transactions.

(iii) External Audit

- reviewed with the EA on 18 November 2019 their audit scope and audit plan for the financial year and their proposed fees for the statutory audit and reviewed the Statement of Risk Management and Internal Control and Audit Committee Report;
- reviewed the audit report and areas of concern highlighted in the Audit Review including management's response to the EA's findings on 24 February 2020;
- discussed with the EA the significant accounting and audit issues, impact of proposed changes in accounting standards applicable to the Group;
- assessed the independence and objectivity of the EA during the financial year in carrying out the statutory audit. The assessment conducted on the EA by the AC include factors such as experience, competency, resources of the firm and staff assigned, non-audit fees and tenure of engaging partner. The AC also received confirmation from the EA on their independence and that the ethical requirements have been complied with;
- assessed the performance of the EA and made recommendations to the Board on their re-appointment; and
- deliberated and recommended the continuation with EA based on results presented, comparable experience, technical knowledge, time commitment, size of firm, performance and capability.

(iv) Other Activities

The Audit Committee in carrying out their duties and responsibilities also discussed and reviewed:

- the Statement on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for its approval for the inclusion in the Annual Report;
- unusual transactions including related party transactions;
- review of Recurrent Related Party transactions quarterly basis;
- the Audit Review Memorandum of the EA for the financial year ended 31 December 2019;
- findings of the annual assessment on the Company's auditors;
- the draft Audited Financial Statements for the Company and its subsidiaries for the financial year ended 31 December 2019 and recommendation to the Board for approval;
- report of Enterprise Risk Management and Internal Audit Plan of the IA;
- the Audit Planning Memorandum of the EA;
- the performance of the IA; and
- the performance of the EA.

4. INTERNAL AUDIT FUNCTION

The Company's internal audit function has been outsourced to an independent professional internal audit service provider, which reports directly to the AC. All proposals by the management to appoint or remove the IA of the Company shall require the prior approval of the AC.

The principal role of the IA is to undertake independent and systematic reviews on the Group's internal control system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance and to safeguard the Group's assets and shareholders' value. The IA is also tasked with carrying out reviews on the adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.

The IA adopted a risk-based approach towards the planning and conduct of audits consistent with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. Below are the list of the audit executed and reported for the financial year of 2019.

Quarter	Department/Function
Q1/2019	Customer Service/Complaint Management Review
Q2/2019	Products Registration Review
Q3/2019	Safety Management Review
Q4/2019	Review of Inventory Management

The internal audit reports presented will be deliberated by the AC and the recommendations will be communicated to the management for action. Members of management will be invited to AC meetings from time to time, where necessary, for further clarification purposes.

The total fee incurred on the Company's internal audit function for the financial year ended 31 December 2019 amounted to RM50,000.

This report has been reviewed by the AC and approved by the Board on 29 May 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2019 are in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("CA 2016") to give a true and fair view of the affairs of the Company and its Group. The Statement by the Directors pursuant to Section 251 (2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2019.

Ensuring that the financial statements are in order, the Board has taken the following measures:

- Adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- Application of approved accounting standards; and
- Judgments and estimates where needed are made on reasonably with prudence.

In preparing the financial statements, the Board has adopted appropriate accounting policies, consistently applied and supported by reasonable prudent judgment and estimates. The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the CA 2016.

The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) there are not yet effective for the current financial year:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods.

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

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

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments. The Board has also ensured that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable the Board to ensure the financial statements comply with the CA 2016. The Board has overall responsibility for taking such steps, as are reasonably available to them, to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Para 9.25 of the Bursa Malaysia MMLR, the following additional information is provided:

1. SHARE BUY-BACK

At the last AGM held on 27 May 2019 the Company obtained a mandate from its shareholders for the Company to purchase its own shares of up 10% of its issued and paid-up share capital upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company. The Company did not carry out any share buy-back for the financial year ended 31 December 2019.

2. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt program during the financial year ended 31 December 2019.

4. SANCTION AND/OR PENALTY

There was no sanction and/or penalty imposed on the Company and its subsidiaries, directors or management by the regulatory bodies for the financial year under review.

5. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Group by the Company's EA and its affiliated companies for the financial period ended 31 December 2019 are RM240,507 and RM75,388 respectively for the financial year.

6. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts other than in the ordinary course of business entered into by the Company and/or its subsidiaries involving Directors and/or major shareholders interest either subsisting at the end of the financial year 2019 or entered into since the end of the previous financial year.

INNOVATING FOR GROWTH

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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

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

Change of Name

On 29 May 2019, the Company changed its name from Halex Holdings Berhad to Hextar Global Berhad.

Results

	Group RM	Company RM
Profit after taxation for the financial year	2,423,041	43,356,433
Attributable to:		
Owners of the Company	2,423,041	43,356,433

Dividends

On 18 December 2019, the Company paid a first interim dividend of 3.58 sen per ordinary share amounting to RM29,379,343 for the financial year ended 31 December 2019.

On 25 February 2020, the Company declared a second interim dividend of 0.8 sen per ordinary share amounting to RM6,521,840 in respect of the current financial year, payable on 26 March 2020, to shareholders whose names appeared in the record of depositors on 10 March 2020.

On 19 May 2020, the Company declared an interim dividend of 1 sen per ordinary share amounting to RM8,063,616 in respect of the financial year ending 31 December 2020, payable on 23 June 2020, to shareholders whose names appeared in the record of depositors on 4 June 2020.

The financial statements for the current financial year do not reflect the dividends declared subsequent to 31 December 2019. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2020.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM54,987,582 to RM633,878,029 by way of an issuance of 714,679,564 new ordinary shares as consideration of RM578,890,447 for the acquisition of the entire equity interest in Hextar Chemicals Limited from Hextar Holdings Sdn. Bhd. as disclosed in Note 18 to the financial statements. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(b) there were no issues of debentures by the Company.

Treasury Shares

As at 31 December 2019, the Company held as treasury shares a total of 27,500 of its 820,679,564 issued and fully paid up ordinary shares. The treasury shares are held at a carrying amount of RM17,997. The details of the treasury shares are disclosed in Note 20 to the financial statements.

Options Granted Over Unissued Shares

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

Bad and Doubtful Debts

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

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

Current Assets

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

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

Valuation Methods

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

Contingent and Other Liabilities

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

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

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

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

Change of Circumstances

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

Items of an Unusual Nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors

The directors of the Company in office during the financial year and up to the date of this report are as follows:-

Dato' Ong Choo Meng
Lee Chooi Keng
Dato' Ong Soon Ho
Yeoh Chin Hoe
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir
Liew Jee Min @ Chong Jee Min

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chen Sen Loon (Appointed on 25.9.2019)
Mohd Hanafi Bin Idris (Appointed on 27.6.2019)
Teh Li King
Yam Jia Fuh
Sara Nina Binti Shahruddin (Resigned on 27.6.2019)
Shaza Lina Binti Shahruddin (Resigned on 27.6.2019)

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Directors' Interests

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

	Number of Ordinary Shares			
	At 1.1.2019	**Bought/Allotted**	**Sold**	**At 31.12.2019**
The Company				
Direct interest:-				
Dato' Ong Choo Meng	-	37,100,000	-	37,100,000
Indirect interest:-*				
Dato' Ong Choo Meng	55,166,900	679,679,564	(194,088,200)	540,758,264
Dato' Ong Soon Ho	55,166,900	679,679,564	(194,088,200)	540,758,264

* Deemed interested by virtue of their direct substantial shareholdings in Hextar Holdings Sdn. Bhd. and Waras Dinamik Sdn. Bhd.

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

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial year are disclosed in Note 39(c) to the financial statements.

Indemnity and Insurance Cost

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM18,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Subsidiaries

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

Significant Events During the Financial Year

The significant events during the financial year are disclosed in Note 43 to the financial statements.

Significant Events Occurring After the Reporting Period

The significant events occurring after the reporting period are disclosed in Note 44 to the financial statements.

Holding Companies

The immediate and ultimate holding companies are Waras Dinamik Sdn. Bhd. and Hextar Holdings Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated and domiciled in Malaysia.

Auditors

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

The details of the auditors' remuneration are disclosed in Note 33 to the financial statements.

Signed in accordance with a resolution of the Directors dated 29 May 2020.

DATO' ONG CHOO MENG	LEE CHOOI KENG

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

We, Dato' Ong Choo Meng and Lee Chooi Keng, being two of the directors of Hextar Global Berhad, state that, in the opinion of the directors, the financial statements set out on pages 79 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 29 May 2020.

DATO' ONG CHOO MENG	LEE CHOOI KENG

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

I, Dato' Ong Choo Meng, being the director primarily responsible for the financial management of Hextar Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 79 to 164 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovementioned at Klang in the State of)
Selangor Darul Ehsan on 29 May 2020)

DATO' ONG CHOO MENG

Before me,

COMMISSIONER FOR OATHS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Global Berhad (formerly known as Halex Holdings Berhad), which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 164.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("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.

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

Recoverability of trade receivables Refer to Notes 14 and 42.1(b)(iii) to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
As at 31 December 2019, trade receivables that were past due and not impaired amounted to RM61,502,818. The details of trade receivables and its credit risks are disclosed in Note 42.1(b)(iii) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • specific known facts or circumstances on customers' ability to pay; and/or • by reference to past default experiences	Our procedures included, amongst others: • Reviewed and understand the management's assessment of recoverability of major trade receivables; • Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments; • Obtained confirmation from major trade receivables on outstanding balances as at the reporting date;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

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

Recoverability of trade receivables Refer to Notes 14 and 42.1(b)(iii) to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The Group assesses at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, analysis of customer creditworthiness, past historical payment trends and expectation of repayment patterns. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	• Reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; • Enquired management on receivables status for major customers; • Reviewed collections and sales trends during the financial year of major trade receivables; and/or • Reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

Obsolete and slow moving inventories Refer to Note 13 to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The carrying amount of inventories held by the Group as at the reporting date amounted to RM79,190,179. This represented 29% and 22% of current assets and total assets of the Group, respectively. We focused on this area as determination of obsolete and slow moving inventories involves management's judgement.	Our procedures included, amongst others:- • Assessed the basis used by management to determine the impairment loss on inventories; • Compared net realisable value to cost of inventories at the reporting date to assess the reasonableness of inventories impairment; and • Performed ageing test on inventories.

Impairment of goodwill Refer to Note 10 to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The carrying amount of goodwill of the Group as at the end of the reporting period amounted to RM7,448,670. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. We determined this to be a key audit matter as impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc..	Our procedures included, amongst others:- • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances; • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

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

Impairment of goodwill (cont'd) Refer to Note 10 to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
	Our procedures included, amongst others:- • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.: and • Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Onn Kien Hoe
01772/11/2020 J
Chartered Accountant

Kuala Lumpur

29 May 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	45,542,372	32,048,190
Investment properties	6	5,249,000	-
Investment in a joint venture	8	2,935,873	2,512,853
Right-of-use assets	9	18,839,364	-
Investment in club membership, at cost		73,952	48,515
Goodwill on consolidation	10	7,448,670	7,448,670
Product development expenditure	11	1,207,495	1,074,930
Prepayment	12	2,871,531	4,356,718
		84,168,257	47,489,876
CURRENT ASSETS			
Inventories	13	79,190,179	72,979,315
Trade receivables	14	124,833,049	112,600,508
Other receivables, deposits and prepayments	12	5,963,076	4,452,177
Amount due from related companies	15	2,318,769	5,504,009
Current tax assets		454,216	35,845
Deposits with licensed banks	16	115,886	42,428
Cash and bank balances		29,434,691	13,879,238
		242,309,866	209,493,520
Asset classified as held for sale	17	30,843,750	-
TOTAL ASSETS		357,321,873	256,983,396

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

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	Note	Group 2019 RM	Group 2018 RM
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	169,912,728	84,075,003
Revaluation reserve	19	7,503,766	7,676,064
Exchange reserve	19	(100)	-
Retained profits		7,923,808	52,611,640
TOTAL EQUITY		185,340,202	144,362,707
NON-CURRENT LIABILITIES			
Lease liabilities	21	928,182	-
Finance lease payables	22	-	129,537
Term loans	23	12,719,458	7,840,000
Deferred tax liabilities	24	9,532,955	6,825,793
		23,180,595	14,795,330
CURRENT LIABILITIES			
Trade payables	25	27,452,248	22,828,752
Other payables and accruals	26	6,761,397	2,856,433
Provision	27	39,006	-
Amount due to related companies	15	46,156	223,119
Amount due to a joint venture	28	821,383	706,096
Lease liabilities	21	528,951	-
Finance lease payables	22	-	252,835
Term loans	23	23,796,957	2,640,000
Bills payable	30	86,433,098	67,646,189
Current tax liabilities		2,921,880	550,790
Derivative liabilities		-	121,145
		148,801,076	97,825,359
TOTAL LIABILITIES		171,981,671	112,620,689
TOTAL EQUITY AND LIABILITIES		357,321,873	256,983,396

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

	Note	Company 2019 RM	Company 2018 RM
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiaries	7	616,362,975	32,432,087
CURRENT ASSETS			
Other receivables, deposits and prepayments	12	53,651	17,961,270
Amount due from subsidiaries	29	25,411,143	15,302,555
Dividend receivable		12,500,000	-
Cash and bank balances		39,525	57,114
		38,004,319	33,320,939
TOTAL ASSETS		654,367,294	65,753,026
EQUITY AND LIABILITY			
EQUITY			
Share capital	18	633,878,029	54,987,582
Treasury shares	20	(17,997)	(17,997)
Retained profits/(Accumulated loss)		12,968,515	(1,008,575)
TOTAL EQUITY		646,828,547	53,961,010
CURRENT LIABILITY			
Other payables and accruals	26	57,031	275,953
Amount due to subsidiaries	29	7,481,716	11,516,063
		7,538,747	11,792,016
TOTAL LIABILITY		7,538,747	11,792,016
TOTAL EQUITY AND LIABILITY		654,367,294	65,753,026

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 2019

		Group		Company	
	Notes	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	31	337,277,779	273,992,946	46,500,000	-
Cost of sales		(271,508,219)	(219,440,839)	-	-
Gross profit		65,769,560	54,552,107	46,500,000	-
Other income		4,132,028	5,836,157	1,135	209,314
Selling and marketing expenses		(8,825,599)	(5,076,963)	-	-
Administrative expenses		(19,365,516)	(13,023,866)	(1,664,009)	(1,910,998)
Other expenses		(25,872,122)	(1,319,651)	(1,480,693)	(3,184,466)
Finance costs		(4,324,497)	(3,115,757)	-	-
Net impairment losses on financial assets	32	(755,208)	-	-	-
Share of profit of a joint venture, net of tax	8	423,020	299,289	-	-
Profit/(Loss) before taxation	33	11,181,666	38,151,316	43,356,433	(4,886,150)
Income tax expense	34	(8,758,625)	(6,220,442)	-	(41,435)
Profit/(Loss) after taxation		2,423,041	31,930,874	43,356,433	(4,927,585)
Other comprehensive (expenses)/income:-	35				
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Revaluation of property		-	2,411,598	-	-
<u>Items that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		(100)	-	-	-
Total other comprehensive (expenses)/income		(100)	2,411,598	-	-
Total comprehensive income/ (expenses) for the financial year		2,422,941	34,342,472	43,356,433	(4,927,585)
Profit/(Loss) after taxation attributable to:-					
Owners of the Company		2,423,041	31,930,874	43,356,433	(4,927,585)
Total comprehensive income/ (expenses) attributable to:-					
Owners of the Company		2,422,941	34,342,472	43,356,433	(4,927,585)
Earnings per share (sen)	36				
Basic		0.31	4.47		
Diluted		0.31	4.47		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Share Capital RM	Non-Distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1 January 2018	84,075,003	5,388,241	20,556,991	110,020,235
Profit after taxation for the financial year	-	-	31,930,874	31,930,874
Other comprehensive income for the financial year:				
- Revaluation of property	-	2,411,598	-	2,411,598
Total other comprehensive income for the financial year	-	2,411,598	31,930,874	34,342,472
Realisation of revaluation reserve	-	(123,775)	123,775	-
Balance at 31 December 2018	84,075,003	7,676,064	52,611,640	144,362,707

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Note	Share Capital RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits RM	Total Equity RM
			← Non-Distributable →		Distributable	
Balance at 1 January 2019		84,075,003	-	7,676,064	52,611,640	144,362,707
Profit after taxation for the financial year		-	-	-	2,423,041	2,423,041
Other comprehensive expenses for the financial year:						
- Foreign currency translation		-	(100)	-	-	(100)
Total other comprehensive (expenses)/income for the financial year		-	(100)	-	2,423,041	2,422,941
Contributions by and distributions to owners of the Company:						
- distribution to owners of the Company		-	-	-	(17,903,828)	(17,903,828)
- issued pursuant to acquisition of subsidiaries	18	85,837,725	-	-	-	85,837,725
- dividends	37	-	-	-	(29,379,343)	(29,379,343)
Total transactions with owners		85,837,725	-	-	(47,283,171)	38,554,554
Realisation of revaluation reserve		-	-	(172,298)	172,298	-
Balance at 31 December 2019		169,912,728	(100)	7,503,766	7,923,808	185,340,202

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

The Company	Note	Share Capital RM	Treasury Shares RM	Distributable Retained Profits/ (Accumulated loss) RM	Total Equity RM
Balance at 1 January 2018		54,987,582	(17,997)	3,919,010	58,888,595
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(4,927,585)	(4,927,585)
At 31 December 2018/1 January 2019		54,987,582	(17,997)	(1,008,575)	53,961,010
Profit after taxation/Total comprehensive income for the financial year		-	-	43,356,433	43,356,433
Contributions by and distribution to owners of the Company:					
- issued pursuant to acquisition of subsidiaries	18	578,890,447	-	-	578,890,447
- dividends	37	-	-	(29,379,343)	(29,379,343)
Total transactions with owners		578,890,447	-	(29,379,343)	549,511,104
Balance at 31 December 2019		633,878,029	(17,997)	12,968,515	646,828,547

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	11,181,666	38,151,316	43,356,433	(4,886,150)
Adjustments for:-				
Amortisation of investment in club membership	563	563	-	-
Amortisation of product development expenditure	370,549	305,791	-	-
Depreciation of property, plant and equipment	1,382,503	1,633,679	-	-
Depreciation of right-of-use assets	710,850	-	-	-
Depreciation of non-current asset held for sale	156,250	-	-	-
Dividend income	-	-	(46,500,000)	-
Impairment losses on:				
- goodwill	23,986,801	-	-	-
- trade receivables	957,901	-	-	-
- investment in a subsidiary	-	-	1,480,693	3,184,458
Interest expense on lease liabilities	55,972	-	-	-
Other interest expense	4,268,525	3,115,757	-	-
Interest income	(271,030)	(138,288)	(1,135)	(209,314)
Inventories written down	329,750	86,202	-	-
Investment in subsidiaries written off	-	-	-	8
Bad debt recovered	(20,875)	(40,678)	-	-
Reversal on impairment loss on trade receivables	(202,693)	-	-	-
Write back of inventories	(94,945)	-	-	-
Gain on forward currency contracts	(121,145)	(1,909,532)	-	-
Unrealised (gain)/loss on foreign exchange	(567,277)	2,136,153	-	-
Gain on disposal on property, plant and equipment	(538,056)	(31,913)	-	-
Share of profit of a joint venture	(423,020)	(299,289)	-	-
Operating profit/(loss) before working capital changes, carried forward	41,162,289	43,009,761	(1,664,009)	(1,910,998)

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

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Operating profit/(loss) before working capital changes, brought forward		41,162,289	43,009,761	(1,664,009)	(1,910,998)
Changes in working capital:-					
Inventories		11,983,694	12,706,600	-	-
Receivables		3,437,543	13,657,297	3,791	(5,293)
Payables		1,405,714	(7,094,493)	(218,922)	112,360
Related companies		(12,066,003)	(5,206,667)	-	-
CASH FROM/(FOR) OPERATIONS		45,923,237	57,072,498	(1,879,140)	(1,803,931)
Interest paid	38(c)	(4,324,497)	(3,115,757)	-	-
Income tax paid		(6,408,652)	(10,750,702)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		35,190,088	43,206,039	(1,879,140)	(1,803,931)
CASH FLOWS FROM/(FOR INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	7	7,737,183	-	-	-
Repayment from/(Advances to) related companies		1,000,000	(1,000,000)	-	-
Advances to subsidiaries		-	-	(10,108,588)	(1,076,754)
Addition to right-of-use assets	38(a)	(272,470)	-	-	-
Deposit paid for the proposed acquisition of a subsidiary		-	-	-	(17,903,828)
Capital reduction in a subsidiary		-	-	11,382,694	-
Dividend received		-	-	34,000,000	
Interest received		271,030	138,288	1,135	209,314
Proceeds from disposal of:					
- property, plant and equipment		540,000	33,697	-	-
- non-current asset held for sale		-	(265,480)	-	-
Purchase of property, plant and equipment		(3,199,786)	(522,132)	-	-
Purchase of intangible assets		(503,114)	-	-	-
Placement of deposits with licensed banks		(73,458)	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		5,499,385	(1,615,627)	35,275,241	(18,771,268)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid		(29,379,343)	-	(29,379,343)	-
Repayment of finance lease payables	38(c)	-	(385,106)	-	-
Repayment of lease liabilities	38(c)	(401,127)	-	-	-
Drawdown of term loans	38(c)	859,932			
Repayment of term loans	38(c)	(5,194,808)	(2,640,000)	-	-
(Repayment to)/Advances from related companies		(127,649)	127,649	-	-
(Repayment to)/Advances from subsidiaries		-	-	(4,034,347)	775,608
Decrease in revolving credit		-	(2,109,500)	-	-
Net increase/(decrease) in bills payable	38(c)	9,109,075	(32,011,255)	-	-
NET CASH FOR FINANCING ACTIVITIES		(25,133,920)	(37,018,212)	(33,413,690)	775,608
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,555,553	4,572,200	(17,589)	(19,799,591)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(100)	161,703	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		13,879,238	9,145,335	57,114	19,856,705
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38(d)	29,434,691	13,879,238	39,525	57,114

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

1. General Information

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

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

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 May 2020.

Change of Name

On 29 May 2019, the Company changed its name from Halex Holdings Berhad to Hextar Global Berhad.

Holding Companies

The immediate and ultimate holding companies are Waras Dinamik Sdn. Bhd. and Hextar Holdings Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

2. Principal Activities

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

3. Basis of Preparation

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

3.1 During the current financial year, the Group has adopted the following new accounting standards and Amendments issued by the MASB which become effective for annual periods beginning on or after 1 January 2019 as follows:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycle

3. Basis of Preparation (cont'd)

3.1 During the current financial year, the Group has adopted the following new accounting standards and Amendments issued by the MASB which become effective for annual periods beginning on or after 1 January 2019 as follows (cont'd):-

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

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. For a lessor, MFRS 16 continues to allow the lessor to classify its leases as either operating leases or finance leases and to account them differently. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 45 to the financial statements.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

4. Significant accounting policies

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

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

(i) Impairment of goodwill

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

4. Significant accounting policies (cont'd)

4.1 Critical accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

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

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

(iii) Write-down of inventories

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

(iv) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

Critical judgements made in applying accounting policies

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

(i) Lease terms

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

4. Significant accounting policies (cont'd)

4.2 Basis of consolidation

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

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

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

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

(i) Business combinations

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

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

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

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

4. Significant accounting policies (cont'd)

4.2 Basis of consolidation (cont'd)

(iv) Reverse acquisition accounting

The Company completed the acquisition of the entire equity interest in Hextar Chemicals Limited and its subsidiaries ("HCL Group") for a total consideration of RM596,794,275, satisfied through a combination of cash amounting to RM17,903,828 and the issuance of 714,679,564 new ordinary shares in the Company at an issue price of RM0.81 per share. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of HCL Group became the controlling shareholders of the Company on completion of the transaction. Accordingly, HCL Group (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of HCL Group. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) the assets and liabilities of HCL Group are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of HCL Group immediately before the Reverse Acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of HCL Group immediately before the Reverse Acquisition the fair value of the consideration effectively transferred based on the issue price of the Company's share. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Reverse Acquisition;

(e) the consolidated statement of profit and loss and other comprehensive income for the financial year ended 31 December 2019 reflects the full year results of HCL Group together with the post-acquisition results of the Company; and

(f) the comparative figures presented in these consolidated financial statements are those of HCL Group, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2019 refers to the Group which includes the results of HCL Group from 1 January 2019 to 31 December 2019 and the post-acquisition results of the Company from the date of completion of the Reverse Acquisition to 31 December 2019. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2018 refer to the results of HCL Group from 1 January 2018 to 31 December 2018.

4. Significant accounting policies (cont'd)

4.2 Basis of consolidation (cont'd)

(v) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.4 Functional and foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency.

4. Significant accounting policies (cont'd)

4.4 Functional and foreign currencies (cont'd)

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate and joint venture that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(a) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

(ii) Financial liabilities

(a) Other financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(b) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

4. Significant Accounting Policies (cont'd)

4.5 Financial instruments (cont'd)

(iv) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Financial guarantee contracts

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

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

4.6 Investment in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Joint arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint venture.

(i) Joint Venture

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

4. Significant accounting policies (cont'd)

4.7 Joint arrangement (cont'd)

(i) Joint Venture (cont'd)

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2019. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains or losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint venture are recognised in profit or loss.

4.8 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

4. Significant accounting policies (cont'd)

4.8 Property, plant and equipment (cont'd)

Freehold land and buildings are revalued periodically, at least once in every three years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Leasehold land and buildings	Over the remaining lease period
Buildings and structures	2%
Factory equipment and machinery	6.67% - 10%
Forklifts and motor vehicles	20%
Tools, equipment, furniture, and fittings	10% - 33.3%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

4. Significant accounting policies (cont'd)

4.9 Investment properties

Investment properties are properties which are owned or right-to-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy stated under property, plant and equipment up to the date of change in use.

4.10 Product development expenditure

Product development expenditure is recognised as an expense when it is incurred.

Product development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Product development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development

Capitalised product development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Product development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The product development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the product development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. Significant accounting policies (cont'd)

4.11 Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(i) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

4. Significant accounting policies (cont'd)

4.11 Leases (cont'd)

Accounting Policies Applied Until 31 December 2018 (cont'd)

(ii) Operating lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.14 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

4.15 Impairment

(i) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. Significant accounting policies (cont'd)

4.15 Impairment (cont'd)

(i) Impairment of financial assets (cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Significant accounting policies (cont'd)

4.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

A provision for consolidation of operations is recognised when the Group has approved a detailed formal plan and the plan either has commenced or has been announced publicly. Provision is not recognised for future operating losses.

4.17 Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 Income taxes

(i) Current tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

4. Significant accounting policies (cont'd)

4.18 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

4.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.21 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

4. Significant accounting policies (cont'd)

4.21 Earnings per ordinary share (cont'd)

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held.

4.22 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.23 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.24 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

4. Significant accounting policies (cont'd)

4.24 Revenue from contracts with customers (cont'd)

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Sale of agriculture supplies, consumer products, horticulture and agro-biotechnologies products

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Rendering of services

The Group determine that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group perform. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measure the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

4.25 Revenue from other sources and other operating income

(i) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

5. **Property, plant and equipment**

Group 2019	1.1.2019 As previously reported RM	1.1.2019 Initial application of MFRS 16 RM	1.1.2019 As restated RM	Additions RM	Additions due to reverse acquisition RM	Reclassification RM	Disposals RM	Depreciation charges RM	Transfer from right-of-use assets RM	Transfer to asset classified held-for-sale RM	At 31.12.2019 RM
Carrying amount											
Freehold land and buildings	655,763	-	655,763	-	39,311,250	6,900,000	-	(54,933)	-	(30,843,750)	15,968,330
Leasehold land and buildings	26,539,531	(14,257,376)	12,282,155	-	8,115,167	-	-	(294,568)	-	-	20,102,754
Building and structures	-	-	-	-	1,596,466	-	-	(36,781)	-	-	1,559,685
Capital work in-progress	-	-	-	2,859,566	7,406,900	(7,100,551)	-	-	-	-	3,165,915
Forklift and motor vehicles	421,281	(421,271)	10	-	32,445	-	(2)	(24,908)	70,204	-	77,749
Tools, equipment, furniture and fittings	229,056	-	229,056	150,013	159,226	200,551	(115)	(195,715)	-	-	543,016
Factory equipment and machinery	4,202,559	-	4,202,559	190,207	509,582	-	(1,827)	(775,598)	-	-	4,124,923
Total	32,048,190	(14,678,647)	17,369,543	3,199,786	57,131,036	-	(1,944)	(1,382,503)	70,204	(30,843,750)	45,542,372

5. **Property, plant and equipment (cont'd)**

Group 2018	At 1.1.2018 RM	Additions RM	Revaluation surplus RM	Disposals RM	Depreciation charge RM	At 31.12.2018 RM
Carrying amount						
Freehold land and buildings	669,448	-	-	-	(13,685)	655,763
Leasehold land and buildings	23,721,226	-	3,173,155	-	(354,850)	26,539,531
Forklift and motor vehicles	812,551	-	-	-	(391,270)	421,281
Tools, equipment, furniture and fittings	234,365	96,503	-	-	(101,812)	229,056
Factory equipment and machinery	4,550,776	425,629	-	(1,784)	(772,062)	4,202,559
Total	29,988,366	522,132	3,173,155	(1,784)	(1,633,679)	32,048,190

Group 2019	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Freehold land and buildings	-	16,084,274	(115,944)	-	15,968,330
Leasehold buildings	-	20,600,000	(497,246)	-	20,102,754
Building and structures	-	1,600,000	(40,315)	-	1,559,685
Capital work-in-progress	3,549,813	-	(291,708)	(92,190)	3,165,915
Forklift and motor vehicles	2,302,092	-	(2,224,343)	-	77,749
Tools, equipment, furniture and fittings	8,579,469	-	(7,249,102)	(787,351)	543,016
Factory equipment and machinery	20,553,428	-	(14,366,478)	(2,062,027)	4,124,923
Bearer plant	611,796	-	(46,728)	(565,068)	-
Total	35,596,598	38,284,274	(24,831,864)	(3,506,636)	45,542,372

5. Property, plant and equipment (cont'd)

Group 2018	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Freehold land and buildings	-	684,273	(28,510)	655,763
Leasehold land and buildings	-	26,835,530	(295,999)	26,539,531
Forklift and motor vehicles	3,903,800	-	(3,482,519)	421,281
Tools, equipment, furniture and fittings	3,579,147	-	(3,350,091)	229,056
Factory equipment and machinery	13,444,096	-	(9,241,537)	4,202,559
Total	20,927,043	27,519,803	(16,398,656)	32,048,190

(a) Assets acquired under hire purchase terms

In the last financial year, included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM421,271 which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 22 to the financial statements.

(b) Assets pledged as security to financial institutions

The land and buildings of the Group have been pledged to licensed bank as security for banking facilities granted to the Group as disclosed in Note 23 to the financial statements are:-

	Group	
	2019 RM	2018 RM
Freehold land and buildings	10,900,000	-
Leasehold land and buildings	12,125,026	24,762,407
	23,025,026	24,762,407

(c) Revaluation of land and buildings

In the previous financial year, the Group's land and buildings were revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

The fair values of the land and buildings are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

5. Property, plant and equipment (cont'd)

(c) Revaluation of land and buildings (cont'd)

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the land and buildings are based on the highest and best use which does not differ from their actual use.

Had the revalued properties been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2019	**2018**
	RM	**RM**
Freehold land and buildings	12,295,276	655,763
Leasehold land and buildings	13,524,235	12,206,941
Building and structures	1,692,166	-
	27,511,677	12,862,704

6. Investment properties

	Group	
	2019	**2018**
	RM	**RM**
Carrying amount		
At 1 January	-	-
Additions due to reverse acquisition	5,249,000	-
At 31 December	5,249,000	-
Included in the above are:-		
Freehold land, at fair value	310,000	-
Leasehold land and building, at fair value	4,939,000	-
	5,249,000	-

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and restrictions. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between levels of fair value hierarchy during the financial year.

7. Investment in subsidiaries

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost		
At 1 January	35,616,545	35,616,553
Addition during the financial year	596,794,275	-
Capital reduction in a subsidiary	(11,382,694)	-
Written off	-	(8)
	621,028,126	35,616,545
Less: Accumulated impairment losses	(4,665,151)	(3,184,458)
At 31 December	616,362,975	32,432,087

Details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	2018 %	Principal Activities
Direct holding:				
Halex (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and distributions of disposable healthcare products
Halex Link Sdn. Bhd.	Malaysia	100	100	Business of real property, to carry out business of buy or rent of properties
Halex Management Sdn.Bhd.	Malaysia	100	100	Provider of management services
Hextar Chemicals Limited #	British Virgin Island	100	-	Investment holding
Indirect holding through Halex (M) Sdn. Bhd.:				
Halex Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	Malaysia	100	100	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd. *	Singapore	100	100	Trading of fertilisers and agrochemicals
Halex Marketing Sdn. Bhd. (formerly known as Halex Engineering Sdn. Bhd.)	Malaysia	100	100	Trading of disposal healthcare products

7. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	2018 %	Principal Activities
Indirect holding through Halex (M) Sdn. Bhd.(cont'd):				
Halex Biotechnologies Sdn. Bhd.	Malaysia	100	100	Horticulture and agro-biotechnology
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding through Hextar Chemicals Limited:				
Hextar Chemicals Group Sdn. Bhd. ("HCGSB")	Malaysia	100	100	Investment holding
Hextar Chemicals Sdn. Bhd.^	Malaysia	100	100	Manufacturing, exporting and distributing agri-chemicals..
Hextar R&D International Sdn. Bhd.^	Malaysia	100	100	Research and development activities and the provision of laboratory services.

- not required to be audited and consolidated using unaudited financial statements
* - audited by other firm of chartered accountants
^ - wholly-owned subsidiaries of HCGSB

(a) During the financial year:-

(i) the Reverse Acquisition, the acquisition of the entire equity interest in Hextar Chemicals Limited and its subsidiaries ("HCL Group") was completed on 30 April 2019. As HCL Group is a private entity group, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in HCL Group. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares HCL would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity, being 178,669,891 shares at an issue price of RM0.81 per share, amounting to RM85,837,725.

HCL Group is regarded as the accounting acquirer, and Hextar Global Berhad, previously known as Halex Holdings Berhad ("Halex") is regarded as the accounting acquiree of the Reverse Acquisition.

7. Investment in subsidiaries (cont'd)

(a) During the financial year (cont'd):-

(i) The fair value of the identifiable assets and liabilities of Halex as at the date of the Reverse Acquisition were:

	The Group 2019 RM
Property, plant and equipment	57,287,286
Investment properties	5,249,000
Right-of-use assets	3,361,401
Investment in club membership	26,000
Inventories	18,429,363
Trade receivables	14,486,207
Other receivables, deposits and prepayments	19,847,750
Current tax assets	885,547
Cash and cash equivalents	7,737,183
Trade payables	(5,076,926)
Other payables and accruals	(2,592,038)
Provision	(149,844)
Deferred tax liabilities	(3,195,455)
Amount due to related companies	(13,495,833)
Term loans	(30,371,291)
Finance lease payables	(167,988)
Bills payables	(10,409,438)
Fair value of net identifiable assets acquired	61,850,924
Goodwill arising from the acquisition	23,986,801
Consideration for the acquisition	85,837,725

Effect of the acquisition on cash flows

	The Group 2019 RM
Consideration for the acquisition	85,837,725
Less: Non-cash consideration	(85,837,725)
Consideration settled in cash	-
Less: Cash and cash equivalents of Halex acquired	7,737,183
Net cash inflow on completion of Reverse Acquisition	7,737,183

Acquisition-related costs

The Group has incurred acquisition-related costs of RM2,166,042 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income in the period in which they relate to.

7. Investment in subsidiaries (cont'd)

(a) During the financial year (cont'd):-

(i) Goodwill arising from acquisition

The goodwill of RM23,986,801 arising from the reverse acquisition is recognised and expensed off in the "Other Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income.

Impact of the acquisition on the Group's results

From the Reverse Acquisition date, Halex has contributed RM43,050,613 of revenue and loss after tax of RM25,655,534 to the Group's profit for the period. If the business combination had taken place at the beginning of the period, the Group's revenue would have increased by RM24,076,244 and profit after tax would have decreased by RM1,052,848 respectively.

(ii) Halex (M) Sdn. Bhd., a wholly-owned subsidiary of the Company had undergone a capital reduction exercise pursuant to Section 117 of the Companies Act, 2016. In consequence thereof, the Company's cost of investment in this company was reduced by RM11,382,694.

(iii) the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment losses of RM1,480,693 (2018 - RM3,184,458), representing the write-down of the investments to its recoverable amounts, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. These investments in subsidiaries belonged to the Group's "Investment Holding" and "Consumer Products" reportable segment.

8. Investment in a joint venture

	Group	
	2019	**2018**
	RM	**RM**
Unquoted shares, at cost	2,675,000	2,675,000
Share of post-acquisition reserves:-		
At 1 January	(162,147)	(461,436)
Share of profit for the financial year	423,020	299,289
At 31 December	260,873	(162,147)
	2,935,873	2,512,853

(a) The Group's involvement in the joint arrangement is structured through separate vehicle which provides the Group a contractual right to the net assets of the entity. Accordingly, the Group has classified this investment as a joint venture.

(b) Although the Group holds 50% of the voting rights in the joint venture, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent by all shareholders.

8. Investment in a joint venture (cont'd)

The details of the joint venture which the principal place of business is in Malaysia, are as follows:-

Name of Joint Venture	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Principal Activities
Hextar Unitop Sdn. Bhd.	50	50	Manufacturing, exporting, importing and marketing of surfactants, specialty chemicals, intermediates, agrochemical additives, oil field chemicals, emulsifiers and agrichemicals.

The summarised financial information of the joint venture is as follows:-

	2019 RM	**2018 RM**
At 31 December		
Non-current assets	729,947	860,295
Current assets	5,077,165	4,467,263
Current liabilities	(379,064)	(746,548)
Non-current liability	(113,000)	(113,000)
Net assets	5,315,048	4,468,010
Financial year ended 31 December		
Revenue	7,090,183	6,503,519
Profit for the financial year	847,038	598,579
Net cash flow (for)/from operating activities	(269,521)	875,572
Net cash flow for investing activities	37,512	32,794

9. Right-of-use assets

Group	1.1.2019 As previously reported RM	1.1.2019 Initial application of MFRS 16 RM	1.1.2019 As restated RM	Additions RM	Additions due to reverse acquisition RM	Depreciation charges RM	Transfer to property, plant and equipment RM	At 31.12.2019 RM
2019								
Carrying amount								
Leasehold land	-	14,257,376	14,257,376	-	3,171,482	(227,205)	-	17,201,653
Forklift and motor vehicles	-	421,271	421,271	894,995	189,919	(424,467)	(70,204)	1,011,514
Hostels	-	-	-	291,375	-	(59,178)	-	232,197
Warehouse	-	-	-	394,000	-	-	-	394,000
Total	-	14,678,647	14,678,647	1,580,370	3,361,401	(710,850)	(70,204)	18,839,364

Group 2019	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	17,735,530	(533,877)	17,201,653
Forklift and motor vehicles	1,854,381	-	(842,867)	1,011,514
Hostels	291,375	-	(59,178)	232,197
Warehouse	394,000	-	-	394,000
Total	2,539,756	17,735,530	(1,435,922)	18,839,364

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

9. Right-of-use assets (cont'd)

(a) The Group leases certain pieces of leasehold land, forklifts, motor vehicles, hostels and warehouse of which the leasing activities are summarised below:-

(i) Leasehold land

The Group has entered into 7 non-cancellable operating lease agreements for the use of land. All the leases are for a period of 99 years except for two leases which are for a period of 60 and 999 years respectively. All the leases have no renewal or purchase option included in the agreements. One of the leases does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(ii) Forklift and motor vehicles

The Group has leased certain forklift and motor vehicles under hire purchase arrangements with lease terms ranging from 5 to 7 (2018 - 3 to 5) years. The leases bear effective interest rates ranging from 3.55% to 4.50% (2018 - 4.53% to 6.89%) and are secured by the leased assets. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount.

(iii) Hostels

The Group has leased a number of hostels that run for a period of 2 years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(iv) Warehouse

The Group has leased a warehouse for a period of 2 years, with an option to renew the lease after that date. The lease does not contain any variable lease payments.

(b) The leasehold land of Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23 to the financial statements.

(c) Extension options in the lease of hostels and warehouse have not been included in the related leased liability as at the reporting date because the Group could replace the assets without significant cost or business disruption. The undiscounted future lease payments that have not been included in the lease liabilities is RM463,920 (2018 - Nil).

(d) In the previous financial year, the Group's leasehold land were revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

The fair values of the leasehold land are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

9. Right-of-use assets (cont'd)

(d) There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the leasehold land are based on the highest and best use which does not differ from their actual use.

Had the revalued leasehold land been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2019	**2018**
	RM	**RM**
Leasehold land	3,005,465	-

10. Goodwill on consolidation

	Group	
	2019	**2018**
	RM	**RM**
Cost		
At 1 January	7,448,670	7,448,670
Arising from the reverse acquisition	23,986,801	-
At 31 December	31,435,471	7,448,670
Accumulated impairment losses		
At 1 January	-	-
Impairment during the financial year	(23,986,801)	-
At 31 December	(23,986,801)	-
Carrying amount	7,448,670	7,448,670

(a) Upon the completion of the reverse acquisition exercise as disclosed in Note 7, the Group carried out a review of the recoverable amount of the goodwill arising from the reverse acquisition and noted that the recoverable amount of the said goodwill was lower than its carrying amount. Accordingly, an impairment loss of RM23,986,801 arising from the reverse acquisition was recognised and expensed off in the "Other Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income. The impaired goodwill belongs to the Group's "Agriculture" and "Consumer Products" reportable segments.

Impairment testing

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to the individual company.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five-years period.

10. Goodwill on consolidation (cont'd)

(a) Impairment testing (cont'd)

Key assumptions used in value-in-use calculations

		Group	
		2019	**2018**
1.	Discount rate The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.	5%	3.9%
2.	Growth rate This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.	5%	5%
3.	Profit margin Net cash projections for the relevant cash flow period are extrapolated based on past gross/net profit generated by the CGU divided by the gross revenue generated by the respective CGU.	20% - 22%	21.4%

In assessing the value-in-use, the management believes that there is no reasonably possible change in the above key assumptions applied that is likely to cause the carrying amount of the respective CGU to materially exceed its recoverable amount.

11. Product development expenditure

	Group	
	2019	**2018**
	RM	**RM**
Cost		
At 1 January	3,537,378	3,271,898
Additions during the financial year	503,114	265,480
At 31 December	4,040,492	3,537,378
Accumulated amortisation		
At 1 January	(2,462,448)	(2,156,657)
Amortisation charge during the financial year	(370,549)	(305,791)
At 31 December	(2,832,997)	(2,462,448)
Carrying amount	1,207,495	1,074,930

The development expenditure incurred during the financial year is in respect of fees paid to external researchers for product development purposes and belong to the Group's "Agriculture" reportable segment. The amortisation charge is recognised in the profit or loss under the "Other expenses" line item.

12. Other receivables, deposits and prepayments

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-current:				
Prepayment	2,871,531	4,356,718	-	-
Current:				
Other receivables	159,805	245,042	9,558	9,558
Advances to suppliers	929,761	243,558	-	-
Deposits	537,081	157,849	3,500	17,907,328
Prepayments	3,863,446	3,358,057	40,593	44,384
GST recoverable	472,983	447,671	-	-
	5,963,076	4,452,177	53,651	17,961,270

(a) Non-current prepayment represents product registration fees paid to internal researchers for product development purposes for a period of 5 years.

(b) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

13. Inventories

	Group	
	2019	2018
	RM	RM
Raw materials	61,212,163	55,878,999
Packaging materials	4,776,456	2,690,696
Finished goods	12,973,164	11,907,817
Consumables	65,620	-
Goods-in-transit	162,776	2,501,803
	79,190,179	72,979,315
Recognised in profit or loss:-		
Inventories recognised as cost of sales	281,313,148	214,628,730
Inventories written down to net realisable value	329,750	86,202
Reversal of inventories previously written down	(94,945)	-

The reversal of write-down was in respect of inventories sold above their carrying amounts during the financial year.

14. Trade receivables

	Group	
	2019	**2018**
	RM	**RM**
Related parties	50,674,163	62,359,794
Third parties	75,244,766	50,309,777
	125,918,929	112,669,571
Less: Allowance for impairment losses	(1,085,880)	(69,063)
Net trade receivables	124,833,049	112,600,508
Allowance for impairment losses:-		
At 1 January	(69,063)	(69,063)
Addition during the financial year	(957,901)	-
Addition due to reverse acquisition	(261,609)	-
Reversal during the financial year	202,693	-
At 31 December	(1,085,880)	(69,063)

The Group's normal credit terms for trade receivables range from 30 to 120 days (2018 - 30 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

15. Amount due from/(to) related companies

	Group	
	2019	**2018**
	RM	**RM**
Amount due from related companies		
Trade balances	2,318,769	4,504,009
Non-trade balances	-	1,000,000
	2,318,769	5,504,009
Amount due to related companies:-		
Trade balances	(46,156)	(95,470)
Non-trade balances	-	(127,649)
	(46,156)	(223,119)

(a) The trade balances are subject to the normal credit terms of 30 to 90 days (2018 - 30 to 90 days).

(b) The non-trade balances are unsecured, interest-free and repayable on demand. The amount owing are repayable on demand.

16. Deposits with licensed banks

The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.75% to 3.25% (2018 - 3%) per annum. The deposits have maturity periods ranging from 30 to 92 (2018 - 365) days.

The deposits with licensed banks of the Group at the end of the reporting period has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.

17. Asset classified as held for sale

	Group	
	2019	**2018**
	RM	**RM**
At 1 January	-	-
Transfer from property, plant and equipment (Note 5)	30,843,750	-
At 31 December	30,843,750	-

The Group entered into a Sale and Purchase Agreement on 21 October 2019 with the vendor to dispose of a piece of freehold land for a total consideration of RM30,000,000.

On 21 April 2020, the Group and the vendor agreed to extend the completion of the disposal until 30 September 2020 due to the implementation of Movement Control Order ("MCO").

The carrying amount of the asset is the same as its carrying amount before it was being reclassified. The asset has been pledged to a licensed bank as security for a banking facility granted to the Group as disclosed in Note 23 to the financial statements.

18. Share capital

		Group			
		Number of shares		Amount	
		2019	**2018**	**2019**	**2018**
		Unit	**Unit**	**RM**	**RM**
Issued and fully paid up					
Ordinary shares					
At 1 January	(b)(i)	106,000,000	106,000,000	84,075,003	84,075,003
Issued pursuant to the reverse acquisition	(b)(i)(ii)	714,679,564	-	85,837,725	-
At 31 December		820,679,564	106,000,000	169,912,728	84,075,003

		Company			
		Number of shares		Amount	
		2019	**2018**	**2019**	**2018**
		Unit	**Unit**	**RM**	**RM**
Issued and fully paid up					
Ordinary shares					
At 1 January	(b)(iv)	106,000,000	106,000,000	54,987,582	54,987,582
Issued pursuant to the reverse acquisition	(b)(iii)	714,679,564	-	578,890,447	-
At 31 December		820,679,564	106,000,000	633,878,029	54,987,582

18. Share capital (cont'd)

(a) The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) The Group's share capital amount differs from that of the Company as a result of Reverse Acquisition accounting as described in Note 4.2(iv).

(i) The amount recognised as issued equity instruments in the consolidated financial statements includes the issued equity of HCL Group immediately before the Reverse Acquisition to the costs of the Reverse Acquisition.

(ii) This represents the fair value of the consideration transferred in relation to the Reverse Acquisition. As HCL Group is a private entity group, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in HCL Group. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares HCL would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity, being 178,669,891 shares at an issue price of RM0.81 per share.

(iii) This represents the purchase consideration for the Company's acquisition of HCL Group which was satisfied by the allotment and issuance of 714,679,564 ordinary shares at RM0.81 per share in the capital of the Company on 30 April 2019 and RM17,903,828 in cash.

(iv) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the Reverse Acquisition.

19. Reserves

The nature of reserves of the Group is as follows:-

(a) Revaluation reserve

The revaluation reserve represents:-

(i) the increase in the fair value of the freehold the land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income; and

(ii) revaluation surpluses (net of deferred taxation) of leasehold land immediately prior to its reclassification as right-of-use assets upon the adoption of MFRS 16 'Leases' in 2019.

(b) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

20. Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchased plan can be applied in the best interest of the company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2019, the Company has 27,500 (2018 - 27,500) of ordinary shares held as treasury shares.

21. Lease liabilities

	Group	
	2019	**2018**
	RM	**RM**
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16	382,372	-
- As restated	382,372	-
Additions due to reverse acquisition	167,988	-
Additions during the financial year	1,307,900	-
Interest expense recognised in profit or loss (Note 33)	55,972	-
Repayment of principal	(401,127)	-
Repayment of interest expense	(55,972)	-
At 31 December	1,457,133	-
Analysed by:-		
Non-current liabilities	928,182	-
Current liabilities	528,951	-
	1,457,133	-

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's forklift and motor vehicles under hire purchase arrangements as disclosed in Note 9(a)(ii) to the financial statements, with lease terms ranging from 5 to 7 (2018 - 3 to 5) years and bear effective interest rates ranging from 3.55% to 4.50% (2018 - 4.53% to 6.89%).

22. Finance lease payables

	Group 2018 RM
Minimum lease payments:	
- Not later than one year	266,163
- Later than one year and not later than five years	145,899
	412,062
Less: Future finance charges	(29,690)
Present value of minimum lease payment	382,372
Represented by:	
Non-current liabilities	129,537
Current liabilities	252,835
	382,372

(a) The finance lease payables have been represented as 'lease liabilities' as shown in Note 21 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the previous financial year, the finance lease payables of the Group were secured by the Group's forklift and motor vehicles under finance leases as disclosed in Note 5 to the financial statements.

(c) In the previous financial year, the finance lease payables bore an effective interest rate of 4.53% to 6.89% per annum. The interest rates were fixed at the inception of the finance lease payables arrangement.

23. Term loans

	Group	
	2019 RM	2018 RM
Non-current liabilities	12,719,458	7,840,000
Current liabilities	23,796,957	2,640,000
	36,516,415	10,480,000

(a) The term loans are secured by:-

(i) legal charges over certain properties of the Group as disclosed in Notes 5, 9 and 17 to the financial statements;

(ii) an assignment of rental proceeds;

(iii) a corporate guarantee of the Company; and

(iv) negative pledge over a subsidiary's present and future assets

(b) The term loans bore effective floating interest rates ranging from 4.52% to 6.10% (2018 - 5.35%) per annum.

24. Deferred tax liabilities

	Group	
	2019	2018
	RM	RM
At 1 January	6,825,793	5,838,283
Arising from the reverse acquisition	3,195,455	-
Recognised in profit or loss (Note 34)	(488,293)	225,953
Arising from revaluation reserve	-	761,557
At 31 December	9,532,955	6,825,793

The deferred tax liabilities are attributable to the following:-

	Group	
	2019	2018
	RM	RM
Accelerated capital allowance over depreciation	2,203,864	1,572,171
Prepaid product registration license	1,576,387	1,968,873
Revaluation reserve	6,084,790	3,561,336
Inventories written down	(259,667)	(205,500)
Accumulated impairment losses on trade receivables	(178,832)	(16,575)
Accrual for bonus	(51,000)	-
Unrealised gain/(loss) on foreign exchange - trade	157,413	(54,512)
	9,532,955	6,825,793

25. Trade payables

The normal trade credit terms granted to the Group range from 14 to 90 (2018 - 30 to 120) days depending on the terms of the contracts.

26. Other payables and accruals

		Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Other payables	(a)	2,720,545	999,475	1,837	225,713
Deposits received	(b)	833,500	12,000	-	-
Accruals		2,930,052	1,844,958	55,194	50,240
Sales and services tax payable		277,300	-	-	-
		6,761,397	2,856,433	57,031	275,953

(a) Included in other payables are advances amounting to RM1,610,973 (2018 - Nil) received from customers. The amount owing is unsecured and interest-free. The amount owing will be offset against future sales to the customers.

(b) Included in deposits received is an amount of RM820,200 (2018 - Nil) received from a buyer for the disposal of a property as disclosed in the Note 17 to the financial statements. The transaction is still in progress as at the end of the financial year.

27. Provision

	Group	
	2019	**2018**
	RM	**RM**
At 1 January	-	-
Arising from the reverse acquisition	149,844	-
Provision utilised during the financial year	(110,838)	-
At 31 December	39,006	-

The Group has provided certain expenses relating to consolidation of operations including cost arising from reduction in headcount and relocation expenses. This is aimed at achieving operational efficiencies and reducing cost for long term.

28. Amount due to a joint venture

The amount due to a joint venture is trade in nature and is subject to a credit term of 60 days (2018 - 60 days). The amount due is to be settled in cash.

29. Amount due from/(to) subsidiaries

	Company	
	2019	**2018**
	RM	**RM**
Amount due from:-		
Non-trade balances	35,906,153	25,797,565
Less: Allowance for impairment losses	(10,495,010)	(10,495,010)
	25,411,143	15,302,555
Amount due to:-		
Non-trade balances	(7,481,716)	(11,516,063)

(a) The amounts owing are interest-free and repayable on demand.

(b) Amount due from subsidiaries that is individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses and presently there are no future business plans for these subsidiaries.

30. Bills payable

(a) The bills payable are secured as follows:-

(i) a corporate guarantee by the Company; and

(i) a pledge of fixed deposit belonging to a subsidiary as disclosed in Note 16 to the financial statements.

(b) The bills payable of the Group bore effective interest rates ranging from 2.25% to 4.42% (2018 - 3.15% to 4.65%) per annum.

31. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue represents:-				
Sales of goods	335,274,400	272,802,106	-	-
Rendering of services	2,003,379	1,190,840	-	-
Dividend income	-	-	46,500,000	-
	337,277,779	273,992,946	46,500,000	-

The other information on the disaggregation of revenue is disclosed in Note 41 to the financial statements.

32. Net impairment losses on financial assets

	Group	
	2019	2018
	RM	RM
Impairment losses on trade receivables	(957,901)	-
Reversal of impairment losses on trade receivables	202,693	-
	(755,208)	-

33. Profit/(Loss) before taxation

Profit/(Loss) before taxation is derived after charging/(crediting):-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amortisation of investment in club membership	563	563	-	-
Amortisation of product development expenditure	370,549	305,791	-	-
Auditors' remuneration: - audit fees:				
- auditors of the Company - current financial year	232,000	65,000	42,000	37,000
- (over)/underprovision in the previous financial year	(11,000)	33,000	-	10,000
- other auditors	8,507	-	-	-
- non-audit fees				
- auditors of the Company	6,000	-	6,000	198,000
- member firms of the auditors of the Company	69,388	31,000	3,000	149,000

33. Profit/(Loss) before taxation (cont'd)

Profit/(Loss) before taxation is derived after charging/(crediting) (cont'd):-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Depreciation:-				
- property, plant and equipment	1,382,503	1,633,679	-	-
- right-of-use assets	710,850	-	-	-
- non-current asset held for sale	156,250	-	-	-
Directors' remuneration (Note 39(c))	1,481,463	445,123	251,008	255,024
Impairment loss on:				
- investment in a subsidiary	-	-	1,480,693	3,184,458
- goodwill	23,986,801	-	-	-
- trade receivables	957,901	-	-	-
Interest expense:				
- bills payable	2,653,959	2,464,474	-	-
- lease liabilities	55,972	-	-	-
- finance lease payables	-	31,188	-	-
- revolving credit	-	9,520	-	-
- term loans	1,614,566	610,575	-	-
Inventories written down	329,750	86,202	-	-
Investment in subsidiaries written off	-	-	-	8
Rental of accommodation	43,860	44,310	-	-
Rental of motor vehicle	44,400	44,400	-	-
Rental of premises	-	393,600	-	-
Staff costs (including other key management personnel as disclosed in Note 39(c)):				
- salaries, wages, bonuses and allowances	14,715,858	7,716,253	-	-
- defined contribution benefits	1,089,658	628,618	-	-
Waiver of debts	-	-	-	125,209
Loss/(Gain) on foreign exchange:				
- realised	880,548	(833,440)	-	-
- unrealised	(567,277)	2,136,153	-	-
Gain on forward currency contracts	(121,145)	(1,909,532)	-	-
Gain on disposal of property, plant and equipment	(538,056)	(31,913)	-	-

33. Profit/(Loss) before taxation (cont'd)

Profit/(Loss) before taxation is derived after charging/(crediting) (cont'd):-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest income	(271,030)	(138,288)	(1,135)	(209,314)
Rental income	(246,499)	(613,499)	-	-
Bad debts recovered	(20,875)	(40,678)	-	-
Dividend income from subsidiaries	-	-	(46,500,000)	-
Write back of inventories	(94,945)	-	-	-
Reversal of impairment losses on:				
- trade receivables	(202,693)	-	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM15,500 (2018 - RM43,500).

34. Income tax expense

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Income tax:				
- for the current financial year	9,344,443	7,300,000	-	-
- (over)/underprovision in the previous financial year	(131,081)	(1,305,511)	-	41,435
	9,213,362	5,994,489	-	41,435
Real property gains tax	33,556	-	-	-
	9,246,918	5,994,489	-	41,435
Deferred tax (Note 24):				
- for the current financial year	(456,311)	555,110	-	-
- under/(over)provision in the previous financial year	74,829	(265,000)	-	-
- crystallisation of deferred tax liability arising from revaluation reserve	(106,811)	(64,157)	-	-
	(488,293)	225,953	-	-
	8,758,625	6,220,442	-	41,435

34. Income tax expense (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before taxation	11,181,666	38,151,316	43,356,433	(4,886,150)
Tax at statutory tax rate of 24%	2,683,600	9,156,316	10,405,544	(1,172,676)
Tax effects of:-				
Non-deductible expenses	6,976,707	1,165,435	754,456	1,172,676
Non-taxable income	(251,487)	-	(11,160,000)	-
Deferred tax assets not recognised for the financial year	26,000	-	-	-
Expenses ranking for double deduction	(445,163)	(578,802)	-	-
Crystallisation of deferred tax arising from revaluation reserve	(106,811)	(64,157)	-	-
Effect of differential in tax rate	-	(11,800)	-	-
RPGT arising from disposal of property	33,556	-	-	-
Tax exemption under allowance for increase exports	-	(1,804,209)	-	-
Share of profit of a joint venture	(101,525)	(71,830)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	(131,081)	(1,305,511)	-	41,435
- deferred tax	74,829	(265,000)	-	-
Income tax expense for the financial year	8,758,625	6,220,442	-	41,435

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2019	**2018**
	RM	**RM**
Unutilised tax losses	16,460,601	-
Unutilised reinvestment allowances	12,307,000	-
Unabsorbed capital allowances	11,788,938	-
Others	2,668,000	-
	43,224,539	-

34. Income tax expense (cont'd)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The unutilised tax losses and unutilised reinvestment allowances expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

35. Other comprehensive (expenses)/income

	Group	
	2019	**2018**
	RM	**RM**
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	(100)	-
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property	-	3,173,155
Less: Deferred tax liabilities (Note 24)	-	(761,557)
	-	2,411,598
	(100)	2,411,598

36. Earnings per share

(a) Basic earnings per share

Due to the Reverse Acquisition during the financial year, the comparative earnings per ordinary share has been restated and reflects the results of Hextar Chemicals Limited Group during the financial year ended 31 December 2018. The number of ordinary shares issued by the Company for the Reverse Acquisition is deemed to be the weighted average number of ordinary shares for the financial year ended 31 December 2018.

The weighted average number of ordinary shares for the financial year ended 31 December 2019 is calculated using the number of ordinary shares issued by the Company for the Reverse Acquisition, which is the number of shares deemed to be outstanding from the beginning of the year to the reverse acquisition date, and the number of ordinary shares of the Company outstanding from the reverse acquisition date to the end of the year.

	Group	
	2019	**2018**
	RM	**RM**
Profit after taxation for the financial year (RM)	2,423,041	31,930,874
Weighted average number of ordinary shares in issue	785,925,466	714,679,564
Basic earnings per ordinary share (sen)	0.31	4.47

36. Earnings per share (cont'd)

(b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares, and hence, the diluted earnings per share is equal to the basic earnings per share.

37. Dividends

On 18 December 2019, the Company paid a first interim dividend of 3.58 sen per ordinary share amounting to RM29,379,343 in respect of the current financial year.

On 25 February 2020, the Company declared a second interim dividend of 0.8 sen per ordinary share amounting to RM6,521,840 in respect of the current financial year, payable on 26 March 2020, to shareholders whose names appeared in the record of depositors on 10 March 2020.

On 19 May 2020, the Company declared an interim dividend of 1 sen per ordinary share amounting to RM8,063,616 in respect of the financial year ending 31 December 2020, payable on 23 June 2020, to shareholders whose names appeared in the record of depositors on 4 June 2020.

The financial statements for the current financial year do not reflect the dividends declared subsequent to 31 December 2019. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2020.

38. Cash flow information

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	Group	
	2019	**2018**
	RM	**RM**
Cost of right-of-use assets acquired (Note 9)	1,580,370	-
Less: Addition of new lease liabilities	(1,307,900)	-
	272,470	-

(b) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2019	**2018**
	RM	**RM**
Payment of short-term leases	88,260	-
Interest paid on lease liabilities	55,972	-
Payment of lease liabilities	401,127	-
	545,359	-

38. Cash flow information (cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease liabilities RM	Finance lease payable RM	Term loans RM	Bills payable RM	Total RM
Group					
2019					
At 1 January, as previously reported	-	382,372	10,480,000	67,646,189	78,508,561
Effects on adoption of MFRS 16	382,372	(382,372)	-	-	-
	382,372	-	10,480,000	67,646,189	78,508,561
Changes in financing cash flows					
Proceeds from drawdown	622,525	-	859,932	244,795,921	246,278,378
Repayment of principal	(401,127)	-	(5,194,808)	(235,686,846)	(241,282,781)
Repayment of interests	(55,972)	-	(1,614,566)	(2,653,959)	(4,324,497)
	165,426	-	(5,949,442)	6,455,116	671,100
Non-cash changes					
Acquisition of new leases	685,375	-	-	-	685,375
Additions due to reverse acquisition	167,988	-	30,371,291	10,409,438	40,948,717
Finance charges recognised in profit or loss	55,972	-	1,614,566	2,653,959	4,324,497
Foreign exchange adjustments	-	-	-	(731,604)	(731,604)
	909,335	-	31,985,857	12,331,793	45,226,985
At 31 December	1,457,133	-	36,516,415	86,433,098	124,406,646

38. Cash flow information (cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Finance lease payable RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
Group					
2018					
At 1 January	767,478	13,120,000	97,504,449	2,109,500	113,501,427
Changes in financing cash flows					
Proceeds from drawdown	-	-	223,148,748	1,985,000	225,133,748
Repayment of principal	(385,106)	(2,640,000)	(255,160,003)	(4,094,500)	(262,279,609)
Repayment of interests	(31,188)	(610,575)	(2,464,474)	(9,520)	(3,115,757)
	(416,294)	(3,250,575)	(34,475,729)	(2,119,020)	(40,261,618)
Non-cash changes					
Finance charges recognised in profit or loss	31,188	610,575	2,464,474	9,520	3,115,757
Foreign exchange adjustment	-	-	2,152,995	-	2,152,995
	31,188	610,575	4,617,469	9,520	5,268,752
At 31 December	382,372	10,480,000	67,646,189	-	78,508,561

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	29,434,691	13,879,238	39,525	57,114
Deposits with licensed banks	115,886	42,428	-	-
	29,550,577	13,921,666	39,525	57,114
Less: Deposits pledged with licensed banks	(115,886)	(42,428)	-	-
	29,434,691	13,879,238	39,525	57,114

39. 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 comprise the directors 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 parties and key management personnel.

(b) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Sales to:				
- fellow subsidiaries	8,849,943	6,624,497	-	-
- a fellow jointly controlled entity	84,010	148,160	-	-
- related parties	89,897,664	91,669,961	-	-
Purchases from:				
- fellow subsidiaries	(435,801)	(363,996)	-	-
- a fellow jointly controlled entity	(5,095,893)	(5,053,301)	-	-
Rental received and receivable from:				
- fellow subsidiaries	-	338,400	-	-
- a fellow jointly controlled entity	156,499	156,499	-	-
Rental paid and payable to a fellow subsidiary	-	(360,000)	-	-
Management fee paid and payable to a fellow subsidiary	(2,340,000)	(2,340,000)	(113,589)	(139,129)
Software cost paid to a fellow subsidiary	(127,650)	(155,650)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

39. Related party disclosures (cont'd)

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Short-term employee benefits:				
- fee	144,000	-	216,000	216,000
- salaries and other emoluments	1,233,923	425,923	35,008	39,024
Defined contribution benefits	103,540	19,200	-	-
Total directors' remunerations	1,481,463	445,123	251,008	255,024

The estimated monetary value of benefits-in-kind provided to the directors of the Company were RM15,500 (2018 - RM43,500).

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Other Key Management Personnel				
Short-term employee benefits	1,339,962	-	-	-
Defined contribution benefits	127,296	-	-	-
Total compensation for other key management personnel	1,467,258	-	-	-

40. Capital commitment

	Group	
	2019	**2018**
	RM	**RM**
Renovation of a property	481,180	-

41. Segment information

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

- Investment holding	:	Investment in shares and properties are held for capital gain.
- Agriculture	:	Involved in manufacturing, distribution and agents of agrochemicals, research and development activities.
- Consumer products	:	Involved in manufacturing and distribution of disposable healthcare products.

(a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit or loss for the financial year. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

(e) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

41. Segment information (cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
2019					
Revenue					
External revenue	10,324	318,558,774	18,708,681	-	337,277,779
Inter-segment revenue	122,514,131	3,653,770	7,639,543	(133,807,444)	-
Total revenue	122,524,455	322,212,544	26,348,224	(133,807,444)	337,277,779
Represented by:-					
Revenue recognised at a point of time					
Dividend income	120,700,000	-	-	(120,700,000)	-
Sales of agriculture supplies	-	322,212,544	-	(3,653,770)	318,558,774
Sales of consumer products	-	-	26,348,224	(7,639,543)	18,708,681
Sales of horticulture and agro-biotechnologies products	10,324	-	-	-	10,324
Revenue recognised over time					
Management services	1,814,131	-	-	(1,814,131)	-
	122,524,455	322,212,544	26,348,224	(133,807,444)	337,277,779
Results					
Segment profit/(loss)	118,499,520	46,028,566	(1,392,996)	(148,322,977)	14,812,113
Finance costs	(1,064,880)	(3,153,321)	(106,296)	-	(4,324,497)
Finance income	2,523	251,700	16,807	-	271,030
Share of result of a joint venture	-	423,020	-	-	423,020
Profit/(Loss) before taxation	117,437,163	43,549,965	(1,482,485)	(148,322,977)	11,181,666
Taxation					(8,758,625)
Profit after taxation for the financial year					2,423,041
Attributable to: Owners of the Company					2,423,041

41. Segment information (cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
2019					
Assets					
Segment assets	903,263,652	295,127,417	28,429,452	(869,952,864)	356,867,657
Unallocated asset:					
- Current tax assets					454,216
Total assets					357,321,873
Included in the measure of segment assets are:					
Addition to non-current assets other than financial instruments are:					
- Product development expenditure	-	503,114	-	-	503,114
- Property, plant and equipment	2,943,475	160,411	95,900	-	3,199,786
- Right-of-use assets	-	1,058,192	522,178	-	1,580,370
Liabilities					
Segment liabilities	89,515,385	149,470,781	15,854,639	(95,313,969)	159,526,836
Unallocated liabilities:					
- Current tax liabilities					2,921,880
- Deferred tax liabilities					9,532,955
Total liabilities					171,981,671

41. Segment information (cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
2019					
Other information					
Allowance for impairment losses on:					
- trade receivables	2,222	884,618	71,061	-	957,901
- investment in a subsidiary	1,480,693	-	-	(1,480,693)	-
Amortisation expense	-	371,112	-	-	371,112
Bad debt recovered	-	(20,875)	-	-	(20,875)
Depreciation expense	97,939	1,726,710	161,031	263,923	2,249,603
Gain on forward currency contracts	-	(121,145)	-	-	(121,145)
Gain on disposal of property, plant and equipment	(37,000)	(299,056)	(202,000)	-	(538,056)
Inventories written down	-	329,750	-	-	329,750
Reversal of allowance for impairment losses on trade receivables	-	(202,600)	(93)	-	(202,693)
Write back of inventories	-	(94,945)	-	-	(94,945)
Unrealised foreign exchange gain	(423)	(536,051)	(30,803)	-	(567,277)

	Investment Holding RM	Agriculture RM	Elimination RM	Total RM
2018				
Revenue				
External revenue	-	272,802,106	-	272,802,106
Inter-segment revenue	15,000,000	3,440,840	(17,250,000)	1,190,840
Total revenue	15,000,000	276,242,946	(17,250,000)	273,992,946
Represented by:-				
Revenue recognised at a point of time				
Dividend income	15,000,000	-	(15,000,000)	-
Sales of agriculture supplies	-	276,242,946	(2,250,000)	273,992,946
	15,000,000	276,242,946	(17,250,000)	273,992,946

41. Segment information (cont'd)

	Investment Holding RM	Agriculture RM	Elimination RM	Total RM
2018				
Results				
Segment profits	14,700,711	41,187,370	(15,058,585)	40,829,496
Finance costs	-	(3,115,757)	-	(3,115,757)
Finance income	-	138,288	-	138,288
Share of result of a joint venture	299,289	-	-	299,289
Profit before taxation	15,000,000	38,209,901	(15,058,585)	38,151,316
Taxation				(6,220,442)
Profit after taxation for the financial year				31,930,874
Attributable to:				
Owners of the Company				31,930,874

	Investment Holding RM	Agriculture RM	Elimination RM	Total RM
2018				
Assets				
Segment assets	177,800,005	249,996,972	(170,849,426)	256,947,551
Unallocated asset:				
- Current tax assets				35,845
Total assets				256,983,396
Included in the measure of segment assets are:				
Addition to non-current assets other than financial instruments are:				
- Property, plant and equipment	-	522,132	-	522,132
- Product development expenditure	-	265,480	-	265,480
Liabilities				
Segment liabilities	-	115,344,107	(10,100,001)	105,244,106
Unallocated liabilities:				
- Deferred tax liabilities				6,825,793
- Current tax liabilities				550,790
Total liabilities				112,620,689

41. Segment information (cont'd)

	Investment Holding	Agriculture	Elimination	Total
	RM	RM	RM	RM
2018				
Other information				
Amortisation expense	-	306,354	-	306,354
Depreciation of property, plant and equipment	-	1,633,679	-	1,633,679
Gain on disposal of property, plant and equipment	-	(31,913)	-	(31,913)
Inventories written down	-	86,202	-	86,202
Bad debts recovered	-	(40,678)	-	(40,678)
Gain on forward currency contracts	-	(1,909,532)	-	(1,909,532)
Unrealised foreign exchange loss	-	2,136,153	-	2,136,153

Geographical information

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	Group	
	2019	2018
	RM	RM
Local	228,266,380	224,963,735
Export	109,011,399	49,029,211
Total	337,277,779	273,992,946

Major customers

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

	Revenue		Segment
	2019	2018	
	RM	RM	
Customer #1	34,108,474	8,934,035	Agriculture
Customer #2	20,906,527	61,268,601	Agriculture

42. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

42. Financial instruments (cont'd)

42.1 Financial risk management policies

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

	United States Dollar	Euro	Singapore Dollar	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM
Group					
2019					
Financial Assets					
Trade receivables	36,896,300	-	855,568	87,081,181	124,833,049
Other receivables and deposits	-	-	-	696,886	696,886
Amount due from related companies	-	-	-	2,318,769	2,318,769
Deposits with licensed banks	-	-	-	115,886	115,886
Cash and bank balances	704,188	-	95,482	28,635,021	29,434,691
	37,600,488	-	951,050	118,847,743	157,399,281

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	United States Dollar RM	Euro RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
Group					
2019					
Financial Liabilities					
Trade payables	20,519,807	2,204	1,106	6,929,131	27,452,248
Other payables and accruals	405,623	348,462	8,515	5,998,797	6,761,397
Amount due to related companies	-	-	-	46,156	46,156
Amount due to a joint venture	-	-	-	821,383	821,383
Lease liabilities	-	-	-	1,457,133	1,457,133
Term loans	-	-	-	36,516,415	36,516,415
Bills payable	-	-	-	86,433,098	86,433,098
	20,925,430	350,666	9,621	138,202,113	159,487,830
Net financial assets (liabilities)	16,675,058	(350,666)	941,429	(19,354,370)	(2,088,549)
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	(10,380)	19,354,370	19,343,990
Currency Exposure	16,675,058	(350,666)	931,049	-	17,255,441

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
Group			
2018			
Financial Assets			
Trade receivables	18,796,691	93,803,817	112,600,508
Other receivables and deposits	-	402,891	402,891
Amount due from related companies	-	5,504,009	5,504,009
Deposits with licensed banks	-	42,428	42,428
Cash and bank balances	1,506,239	12,372,999	13,879,238
	20,302,930	112,126,144	132,429,074
Financial Liabilities			
Trade payables	16,369,123	6,459,629	22,828,752
Other payables and accruals	134,760	2,721,673	2,856,433
Amount due to related companies	-	223,119	223,119
Amount due to a joint venture	-	706,096	706,096
Finance lease payables	-	382,372	382,372
Term loans	-	10,480,000	10,480,000
Bills payable	37,985,189	29,661,000	67,646,189
Derivatives liabilities	121,145	-	121,145
	54,610,217	50,633,889	105,244,106
Net financial (liabilities)/assets	(34,307,287)	61,492,255	27,184,968
Less: Net financial assets denominated in the Group's functional currency	-	(61,492,255)	(61,492,255)
Add: Forward foreign currency contracts (contracted notional principal)	(29,528,398)	-	(29,528,398)
Currency Exposure	(63,835,685)	-	(63,835,685)

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency exposure (cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Group	
	2019	2018
	(Decrease)/ Increase RM	(Decrease)/ Increase RM
Effects on Profit After Taxation		
Euro:		
- strengthened by 5%	(13,325)	-
- weakened by 5%	13,325	-
Singapore Dollar:		
- strengthened by 5%	35,380	-
- weakened by 5%	(35,380)	-
United States Dollar:		
- strengthened by 5%	633,652	(2,425,756)
- weakened by 5%	(633,652)	2,425,756

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 23 and 30 to the financial statements.

Interest rate risk sensitivity analysis

An increase of 100 basis points in interest rates of floating rate borrowings at the end of the reporting period would have decreased the Group's profit after taxation by RM934,416 (2018 - RM593,759). The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation.

(iii) Equity price risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by three (2018 - Nil) customers which constituted approximately 40% (2018 - Nil) of its trade receivables (including amount due from related companies) at the end of the reporting period.

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(i) Credit risk concentration profile (cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount due from related companies) at the end of the reporting period is as follows:-

	Group	
	2019	**2018**
	RM	**RM**
Africa	93,094	282,413
Asia	126,547,193	116,431,024
North America	33,629	-
Oceania	473,811	329,963
South America	4,091	61,117
	127,151,818	117,104,517

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses.

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of its financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related companies) has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or with significant balances outstanding for more than 90 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rate is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Group			
2019			
Current (not past due)	65,111,702	-	65,111,702
1 to 30 days past due	17,703,879	(461)	17,703,418
31 to 60 days past due	18,542,944	(443)	18,542,501
61 to 90 days past due	7,048,360	(239)	7,048,121
more than 90 days	18,759,287	(13,211)	18,746,076
	127,166,172	(14,354)	127,151,818
Credit impaired:			
- Individually impaired	1,071,526	(1,071,526)	-
	128,237,698	(1,085,880)	127,151,818

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies) are summarised below (cont'd):-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Group			
2018			
Current (not past due)	63,300,607	-	63,300,607
1 to 30 days past due	20,971,142	-	20,971,142
31 to 60 days past due	9,707,347	-	9,707,347
61 to 90 days past due	3,921,188	-	3,921,188
more than 90 days	19,204,233	-	19,204,233
	117,104,517	-	117,104,517
Credit impaired			
- Individually impaired	69,063	(69,063)	-
	117,173,580	(69,063)	117,104,517

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Amount due from subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Company			
2019			
Low credit risk	20,064,486	-	20,064,486
Credit impaired	15,841,667	(10,495,010)	5,346,657
	35,906,153	(10,495,010)	25,411,143
2018			
Low credit risk	10,020,898	-	10,020,898
Credit impaired	15,776,667	(10,495,010)	5,281,657
	25,797,565	(10,495,010)	15,302,555

The movements in the loss allowances are disclosed in Note 29 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019					
Non-derivative Financial Liabilities					
Trade payables	27,452,248	27,452,248	27,452,248	-	-
Other payables and accruals	6,761,397	6,761,397	6,761,397	-	-
Amount due to related companies	46,156	46,156	46,156	-	-
Amount due to a joint venture	821,383	821,383	821,383	-	-
Lease liabilities	1,457,133	1,605,187	574,134	1,031,053	-
Term loans	36,516,415	39,850,445	24,601,139	8,411,309	6,837,997
Bills payable	86,433,098	86,433,098	86,433,098	-	-
	159,487,830	162,969,914	146,689,555	9,442,362	6,837,997

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
2018				
Non-derivative Financial Liabilities				
Trade payables	22,828,752	22,828,752	22,828,752	-
Other payables and accruals	2,856,433	2,856,433	2,856,433	-
Amount due to related companies	223,119	223,119	223,119	-
Amount due to a joint venture	706,096	706,096	706,096	-
Finance lease payables	382,372	402,682	266,163	136,519
Term loans	10,480,000	11,569,669	3,112,066	8,457,603
Bills payable	67,646,189	67,646,189	67,646,189	-
Financial guarantee contracts in relation to corporate guarantee give to certain related companies and holding company	-	5,700,000	5,700,000	-
	105,122,961	111,932,940	103,338,818	8,594,122
Derivative Financial Liabilities				
Foreign currency contracts (gross settled):				
Gross payments	-	(29,942,513)	(29,942,513)	-
Gross receipts	-	414,115	414,115	-
	105,122,961	82,404,542	73,810,420	8,594,122

42. Financial instruments (cont'd)

42.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2019			
Other payables and accruals	57,031	57,031	57,031
Amount due to subsidiaries	7,481,716	7,481,716	7,481,716
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	218,600,000	218,600,000
	7,538,747	226,138,747	226,138,747
2018			
Other payables and accruals	275,953	275,953	275,953
Amount due to subsidiaries	11,516,063	11,516,063	11,516,063
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	35,004,782	35,004,782
	11,792,016	46,796,798	46,796,798

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

42.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

42. Financial instruments (cont'd)

42.2 Capital risk management (cont'd)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	Group	
	2019 RM	**2018 RM**
Lease liabilities	1,457,133	-
Finance lease payables	-	382,372
Term loans	36,516,415	10,480,000
Bills payables	86,433,098	67,646,189
	124,406,646	78,508,561
Less: Deposits with licensed banks	(115,886)	(42,428)
Less: Cash and bank balances	(29,434,691)	(13,879,238)
Net debt	94,856,069	64,586,895
Total equity	185,340,202	144,362,707
Debt-to-equity ratio	0.51	0.45

There was no change in the Group's approach to capital management during the financial year.

42.3 Classification of financial instruments

	2019	
	Group RM	**Company RM**
Financial assets		
Amortised cost		
Trade receivables	124,833,049	-
Other receivables and deposits	696,886	13,058
Amount due from related companies	2,318,769	-
Amount due from subsidiaries	-	25,411,143
Dividend receivable	-	12,500,000
Deposits with licensed banks	115,886	-
Cash and bank balances	29,434,691	39,525
	157,399,281	37,963,726

42. Financial instruments (cont'd)

42.3 Classification of financial instruments (cont'd)

	2019 Group RM	2019 Company RM
Financial liabilities		
Amortised cost		
Lease liabilities	1,457,133	-
Term loans	36,516,415	-
Trade payables	27,452,248	-
Other payables and accruals	6,761,397	57,031
Amount due to related companies	46,156	-
Amount due to a joint venture	821,383	-
Amount due to subsidiaries	-	7,481,716
Bills payable	86,433,098	-
	159,487,830	7,538,747

	2018 Group RM	2018 Company RM
Financial assets		
Amortised cost		
Trade receivables	112,600,508	-
Other receivables and deposits	402,891	17,916,886
Amount due from related companies	5,504,009	-
Amount due from subsidiaries	-	15,302,555
Deposits with licensed banks	42,428	-
Cash and bank balances	13,879,238	57,114
	132,429,074	33,276,555
Financial liabilities		
Amortised cost		
Finance lease payables	382,372	-
Term loans	10,480,000	-
Trade payables	22,828,752	-
Other payables and accruals	2,856,433	275,953
Amount due to related companies	223,119	-
Amount due to a joint venture	706,096	-
Amount due to subsidiaries	-	11,516,063
Bills payable	67,646,189	-
	105,122,961	11,792,016
Mandatorily at fair value through profit or loss		
Derivative liabilities	121,145	-

42. Financial instruments (cont'd)

42.4 Gains or losses arising from financial instruments

	Group RM	Company RM
2019		
Financial assets		
Amortised cost		
Net losses recognised in profit or loss	(776,574)	(275)
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(4,324,497)	-
2018		
Financial assets		
Amortised cost		
Net (losses)/gains recognised in profit or loss	(1,123,747)	84,105
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(3,115,757)	-

42.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

42. Financial instruments (cont'd)

42.5 Fair value information (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Group	RM	RM	RM	RM	RM	RM	RM	RM
2019								
Financial liability								
Term loans	-	-	-	-	36,516,415	-	36,516,415	36,516,415
2018								
Financial liabilities								
Derivatives liabilities:								
- forward currency contracts	-	121,145	-	-	-	-	121,145	121,145
Finance lease payables	-	-	-	-	331,500	-	331,500	382,372
Term loan	-	-	-	-	10,480,000	-	10,480,000	10,480,000

42. Financial instruments (cont'd)

42.5 Fair value information (cont'd)

The fair values, which are for disclosure purposes, have been determined using the following basis:

(a) Fair value of financial instruments carried at fair value

(i) In the previous financial year, the fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate.

(ii) There were no transfer between level 1 and level 2 in the previous financial year.

(b) Fair values of financial instruments not carried at fair value

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of finance lease payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. In the previous financial year, the interest rates used to discount the estimated cash flows ranged from 4.53% to 6.89% per annum.

43. Significant events during the financial year

(a) On 15 May 2018, the Company entered into a Sale of Shares Agreement with Hextar Holdings Sdn. Bhd. ("Vendor") for the proposed acquisition of the entire equity interest in Hextar Chemicals Limited from the Vendor for an aggregate purchase consideration of RM596,794,275 ("Purchase Consideration"). The Purchase Consideration will be satisfied through a combination of cash amounting to RM17,903,828 and the issuance of 714,679,564 new ordinary shares in the Company ("Consideration Share") at an issue price of RM0.81 per Consideration Share ("Proposed Acquisition").

On 17 January 2019, the Company submitted an application to Bursa Securities Malaysia Berhad ("Bursa") in respect of the listing and quotation of the Proposed Acquisition on the Main Market of Bursa ("the Application"). Consequently, on 21 February 2019, Bursa approved the Application.

On 15 March 2019, a circular to shareholders was sent out with regards to the Proposed Acquisition which was then announced on even date for the Extraordinary General Meeting ("EGM") to take place on 1 April 2019 to approve the Proposed Acquisition.

On 1 April 2019, the Company held the EGM for the shareholders' approval on the Proposed Acquisition and on that date the approval was obtained.

On 30 April 2019, the Company completed the acquisition of the entire equity interest in Hextar Chemicals Limited as disclosed in Note 4.2(iv), Note 7 and Note 18 respectively.

43. Significant events during the financial year (cont'd)

(b) On 21 October 2019, Halex Link Sdn. Bhd. ("HxL"), a wholly-owned subsidiary of the Company has entered into a conditional Sale and Purchase Agreement with Plato Chemical (M) Sdn Bhd ("PCSB") to dispose to PCSB a piece of freehold industrial land held under GM826, Lot 142, Locality of Batu $11^{1/2}$, Jalan Ulu Tiram, Mukim of Plentong, District of Johor Bahru, Johor measuring approximately 4.50318 hectares together with a single storey detached factory and an annexed double storey office building erected thereon bearing postal address Lot 142, Batu $11^{1/2}$, Jalan Kota Tinggi, 81800 Ulu Tiram, Johor Darul Takzim, for a total cash consideration of RM30,000,000.

On 21 April 2020, the Group and PCSB agreed to extend the completion of the disposal until 30 September 2020 due to the implementation of Movement Control Order ("MCO").

44. Significant events occurring after the reporting period

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the world. The Malaysian Government instituted the Movement Control Order (MCO) on 18 March 2020, which has since been extended thrice to 12 May 2020. Under the MCO, all non-essential business activities in the country have to be suspended. This has temporarily disrupted the Group's business operations. The Group received the Ministry of International Trade and Industry's approval to resume its business operation activities during the MCO under strict labour movement conditions. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements reliably at this juncture.

45. Initial application of MFRS16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the leased liabilities at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at that date of 5%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains option to extend or terminate the lease.

45. Initial application of MFRS16 (cont'd)

(a) Lessee Accounting (cont'd)

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

There was no difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019.

There were no financial impacts to the Group's and the Company's financial statements upon the transition to MFRS 16 at the date of initial application.

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 January 2019.

46. Comparative figures

The following figures have been reclassified to conform with the presentation of the current financial year:-

Group	As Previously Reported RM	As Restated RM
Statement of Financial Position and Statement of Changes in Equity (Extract):-		
Share capital	1	84,075,003
Share premium	84,075,002	-

Company	As Previously Reported RM	As Restated RM
Statement of Cash Flows (Extract):-		
Cash flows from/(for) operating activities		
Changes in working capital:-		
Subsidiaries	(301,146)	-
Cash flows from/(for) investing activities		
Advances to subsidiaries	-	(1,076,754)
Cash flows (for)/from financing activities		
Advances from subsidiaries	-	775,608

LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/Build up Area (Sq m)	NBV as at 31/12/2019 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
Geran No. 28855, Parent title under QT(R) No. 2851/2 TLO 2969/70, Township of Johor Bahru, Johor	Office unit/Vacant	39 years	Freehold	32	0.001	-	12.04.2012
HS(D) 215977 PTD No.19116 City & District of Johor Bahru, Johor	3 storey detached factory cum office building and other supporting structures/ Manufacturing and office	26 years	60 years lease	4,860/ 4,768	6,372	6,500	30.04.2019
Lot 142, GM 826, Mukim Plentong, District of Johor Bahru, Johor	Single storey detached factory with an annexed double storey office building, a single storey warehouse, workshop and a canteen/ Asset classified as held for sale	11 years	Freehold	45,033/ 13,656	31,000	31,000	25.10.2019
HS(D) 8111, PTB No. 264, Mukim of Hulu Sungai Johor, District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and supporting structures/ Manufacturing and office premise	15 years	60 years lease	12,222	5,000	5,000	30.04.2019
Lot 650 & 651, GM 547 & 361, Ban Foo Village, Mukim Plentong, 81800, Ulu Tiram, Johor	Nursery (including a tissue culture facility and microbiology lab)/ Cultivation	22 years	Freehold	57,101/ 1,826	6,063	6,100	30.04.2019
Unit K-08-01/02/03/03A, Block K, No. 2, Jalan Solaris, Solaris Mont Kiara, Kuala Lumpur	4 Office units / Vacant	N/A	Freehold	410	4,000	4,000	30.04.2019

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/Build up Area (Sq m)	NBV as at 31/12/2019 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
Lot 249, GM 202 EMR 124, Mukim of Hulu Sungai Sedili Besar, District of Kota Tinggi, Johor	Agriculture land / Vacant	N/A	Freehold	26,280	310	310	30.04.2019
Lot no. A-5-3A, Block A, Level 3A, Unit No. 3A, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit/ Vacant	3 years	99 years lease	190	1,115	1,115	30.04.2019
Lot no. A-5-6, Block A, Level 3A, Unit No. 6, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit/ Vacant	3 years	99 years lease	168	975	975	30.04.2019
Lot no. A-6-5, Block A, Level 5, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit/ Vacant	3 years	99 years lease	263	1,417	1,417	30.04.2019
Lot no. A-8-5, Block A, Level 7, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit/ Vacant	3 years	99 years lease	263	1,432	1,432	30.04.2019

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/Build up Area (Sq m)	NBV as at 31/12/2019 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
Geran 190269, Lot 128303, Mukim Klang, Daerah Klang, Negeri Selangor. No. 64, Jalan Bayu Laut 4/KS09, Sazean Business Park, 41200 Klang, Selangor.	6 Storey Shop Office Building/ Office Premises	5 years	Freehold	334	6,900	6,900	30.04.2019
PN12168 and PN12170, Lot No.88089 and Lot No.88105, Mukim Klang , Daerah Klang, Negeri Selangor bearing postal address Lot 5, Jalan Perigi Nenas 7/3, Fasa 1A, Pulau Indah Industrial Park 42920 Pelabuhan Klang, Selangor Darul Ehsan, Malaysia.	A single-storey factory comprising a warehouse with annexed double-storey office/ For production and warehousing of agrochemicals pruducts	14 years	99 years lease	21,303/ 10,490	24,446	25,000	11.04.2018
Lot 2666, Sungai Pasai, Engkabang, off Jalan Sibu-Bintulu, 96000 Sibu.	Agriculture land/ Vacant	7 years	99 years lease	19,667	81	93	18.04.2018
Lot 1753, 24th Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	7 years	99 years lease	52,771	133	154	18.04.2018
Lot 1633, 23rd Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	7 years	99 years lease	102,790	206	238	18.04.2018

LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/Build up Area (Sq m)	NBV as at 31/12/2019 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
Country lease 075375414, Jalan Loong Chun off KM17.2 Jalan Labuk, Sandakan, Negeri Sabah, Malaysia Bearing postal address Lot 7, Jalan Loong Chun Off Jalan Labuk, Mile 10, W.D.T No. 32, 9009 held under District of Sandakan, State of Sabah, Malaysia.	A double-storey office building with an annexed single-storey warehouse/ Rented to its customer	2 years	999 years lease	6.070/557	1,347	1,350	22.05.2018
GRN 270596, Lot 27031, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor Bearing postal address No. 11A, Jalan USJ 6/4, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.	A double-storey residential unit/ Vacant	3 years	Freehold	112/111	642	684	19.04.2018

List of Top 30 Holders as at 02/06/2020

No.	Name	Holdings	%
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD.	312,958,264	38.811
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD	60,000,000	7.440
3.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (PJCAC)	59,353,000	7.360
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (HEDGING)	36,100,000	4.476
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HEXTAR HOLDINGS SDN BHD (PB)	34,020,000	4.218
6.	KENANGA INVESTMENT BANK BERHAD IVT-(EDSP-OTC/ESH)	32,994,600	4.091
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD	21,680,000	2.688
8.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT	20,000,000	2.480
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MX3826)	17,500,000	2.170
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)	16,800,000	2.083
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	10,571,700	1.311
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	10,000,000	1.240
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	8,500,000	1.054
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)	7,800,000	0.967
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	7,200,000	0.892
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR DATO’ ONG CHOO MENG (PBCL-0G0817)	7,013,979	0.869
17.	MOK YAU CHOY	6,834,600	0.847
18.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	6,157,900	0.763
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	5,300,000	0.657
20.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	4,472,600	0.554

List of Top 30 Holders as at 02/06/2020 (cont'd)

No.	Name	Holdings	%
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	4,431,000	0.549
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	4,301,800	0.533
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	4,200,000	0.520
24.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	3,817,300	0.473
25.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	3,801,800	0.471
26.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MGN-OCM0001M)	3,647,000	0.452
27.	CHONG YOKE SIM	3,569,000	0.442
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	3,287,900	0.407
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AIIMAN IS EQ)	3,242,900	0.402
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE)	3,066,400	0.380

Total Issued Shares As At 02/06/2020 : 820,679,564
Treasury Shares As At 02/06/2020 : 14,318,000
'Adjusted' Capital After Netting Treasury Shares As At 02/06/2020 : 806,361,564

Distribution of Shareholdings as at 02/06/2020

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	79	3.951	2,967	0.000
100 - 1,000	272	13.606	121,297	0.015
1,001 - 10,000	889	44.472	5,222,525	0.647
10,001 - 100,000	598	29.914	21,238,484	2.633
100,001 - 40,318,077*	158	7.903	347,465,027	43.090
Over 40,318,078**	3	0.150	432,311,264	53.612
Total	**1,999**	**100.000**	**806,361,564**	**100.000**

* - Less than 5% of Issued Shares
** - 5% and above of Issued Shares

Substantial Shareholders as at 02/06/2020

Name	Holdings	%
MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD.	312,958,264	38.811
KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD.	60,000,000	7.440
HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD. (PJCAC)	59,353,000	7.360

Direct and Deemed Interest of each Director:

Name	Direct Interest	%	Indirect Interest	%
Dato' Ong Soon Ho	Nil	Nil	533,758,264	65.04
Dato' Ong Choo Meng	31,258,500	3.81	533,758,264	65.04
Lee Chooi Keng (f)	880,000	0.11	Nil	Nil

HEXTAR GLOBAL BERHAD

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