



**HEXTAR GLOBAL BERHAD**

199001014551 (206220-U)



# ANNUAL REPORT 2020



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## COLOUR



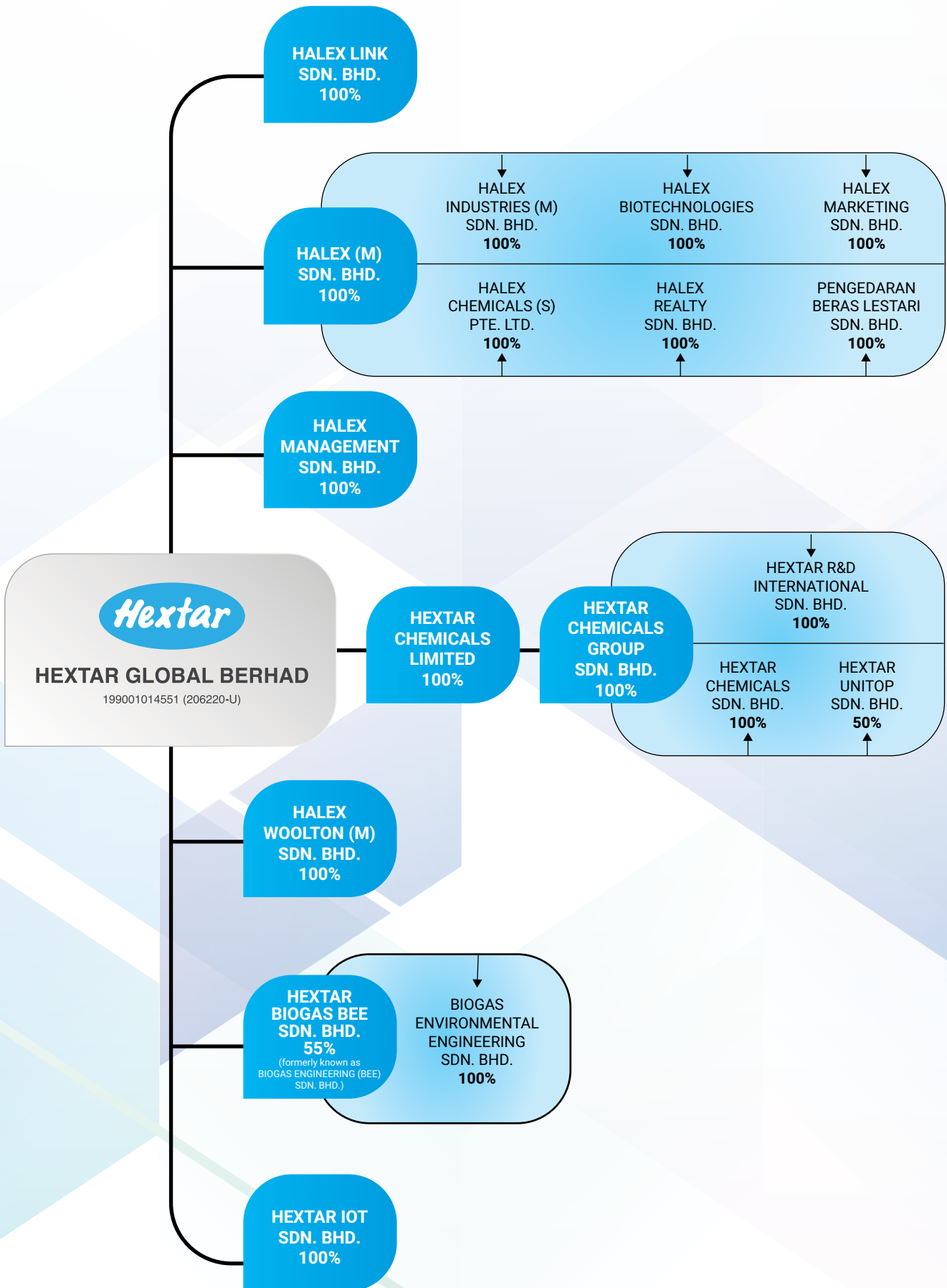
**BLUE**, as shown by the Hextar Logo, represents our main and corporate colour. It symbolises authority, loyalty, power, professionalism and trust with depth, stability and wisdom which radiates throughout all the subsidiaries of our holding companies.

**GREY** indicates the symbol of neutrality and balance. As business is continuously growing, Hextar upholds the principle of being a well-balanced corporation at all times.

**WHITE** signifies our core value of integrity. It brings out the spirit of purity and goodness which is embedded in our daily operations. It is also considered to be the colour of perfection which Hextar is predisposed to achieving.

**GREEN** represents the hope, renewal and revival. A green plant is a nature itself. Being actively involved in the agriculture industry, Hextar strives to promote a healthy business growth by protecting the environment at the same time.

# GROUP STRUCTURE



# CORPORATE PROFILE

Hextar Global Berhad (“Hextar” or “the Group”) is incorporated in Malaysia on 13<sup>th</sup> 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 16<sup>th</sup> September 2009.

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

Over 30 years, the Group has diversified the business operations and currently involved in: -

- pesticides
- fertilisers
- specialty chemicals
- research and development
- consumer products
- Biogas processing system

By having strong competencies in the agriculture industry supported by our capabilities from research and development to commercialisation and marketing of various products, Hextar is currently the leading crop management solutions provider in Malaysia with strong global presence due to our specialised agrochemical products supply chain. With over 600 products successfully registered domestically and globally, Hextar has now expanded its operations to 7 countries with 500 team members to better serve our customers and suppliers from more than 30 countries across several continents.

In addition, Hextar also continue to flourish in consumers products industry domestically and globally. We continue to expand our market presence by exporting to Brunei, Cambodia, Philippines, Thailand, Vietnam, Singapore, Hong Kong, Dubai, Kenya and Turkey. In Malaysia, our products are distributed through established distributors, supermarkets, hypermarkets and dealer network at all major towns.

On 24<sup>th</sup> August 2020, Hextar has entered into a Share Sale Agreement for the acquisition of 55% equity interest in Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.), a biological green technology company. This acquisition enables the Group to create synergy effect through further involving and enhancing in agriculture sector. We are glad to announce that we have completed the said acquisition on 5<sup>th</sup> November 2020.

In line with the 5G technology development in Malaysia, Hextar is also pleased to announce that the Group has entered into smart agriculture industry to create synergy values from the current business of manufacturing and distribution of pesticide. We strive to utilise our resources to build a greater value for our shareholders in long run.



# 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 600 products successfully registered in Malaysia and globally. Our group's operations have now expanded to 30 countries and 500 team members, serving as the best supporting system for our customers and suppliers in more than 30 countries across several continents.

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

## OUR CORE VALUES

Hextar believes in operating business with:



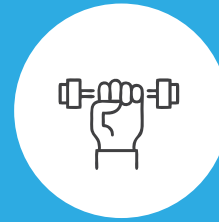
### LOYALTY

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

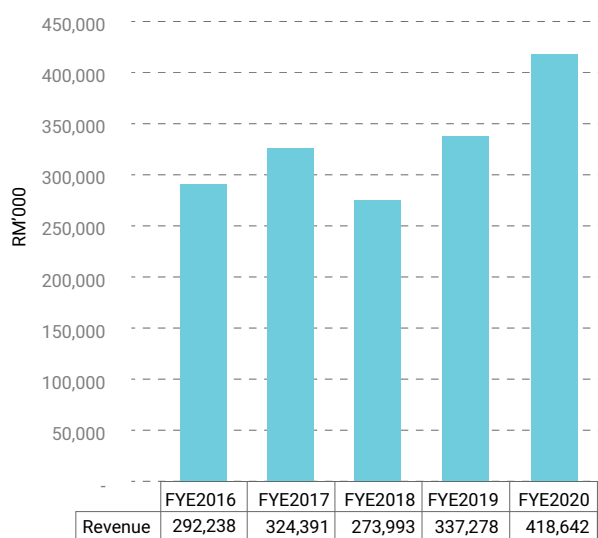
We aim to be the preferred business partner and employer of choice.

# FINANCIAL HIGHLIGHTS

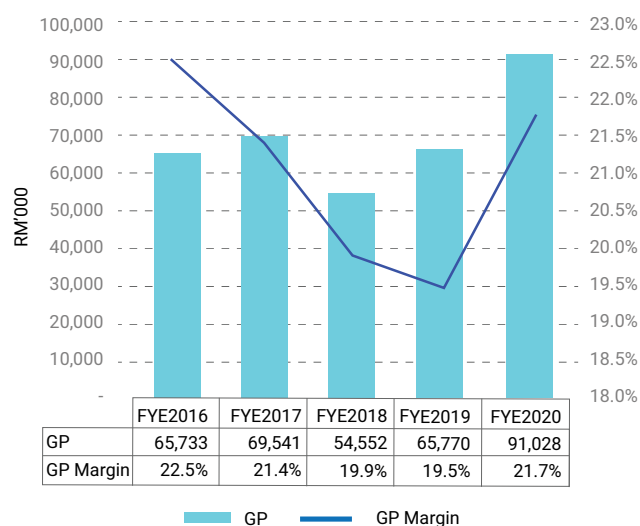
## FINANCIAL HIGHLIGHTS OF THE GROUP'

Financial Year Ended 31 December	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	292,238	324,391	273,993	337,278	418,642
Gross Profit ("GP")	65,733	69,541	54,552	65,770	91,028
Profit Before Taxation ("PBT")	50,469	55,655	38,151	11,182	56,688
Profit After Taxation ("PAT")	40,049	43,403	31,931	2,423	44,484
<b>Ratios</b>					
GP Margin	22.5%	21.4%	19.9%	19.5%	21.7%
PBT Margin	17.3%	17.2%	13.9%	3.3%	13.5%
PAT Margin	13.7%	13.4%	11.7%	0.7%	10.6%
Basic Earnings Per Share ("Basic EPS") (Sen)	5.60	6.07	4.47	0.31	5.48

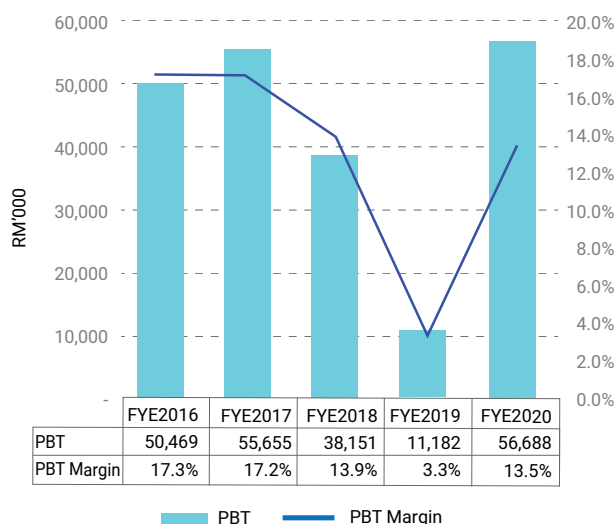
### REVENUE



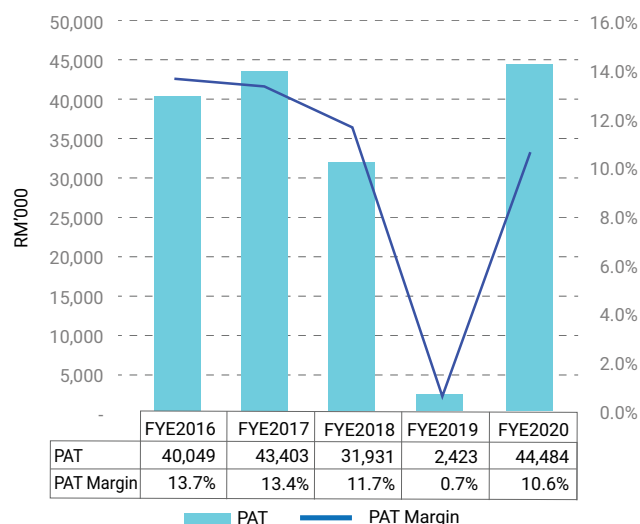
### GP & GP MARGIN



### PBT & PBT MARGIN



### PAT & PAT MARGIN



The financial information stated above for the financial year 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.

# 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*

### AUDIT COMMITTEE

#### Chairman

Yeoh Chin Hoe

#### Members

Liew Jee Min @ Chong Jee Min  
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

### NOMINATION COMMITTEE

#### Chairman

Liew Jee Min @ Chong Jee Min

#### Members

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir  
Yeoh Chin Hoe

### REMUNERATION COMMITTEE

#### Chairman

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

#### Members

Yeoh Chin Hoe  
Lee Jee Min @ Chong Jee Min

### RISK MANAGEMENT COMMITTEE

#### Chairman

Lee Chooi Keng (f)

#### Members

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir  
Yeoh Chin Hoe

### WHISTLEBLOWING COMMITTEE

#### Chairman

Yeoh Chin Hoe

#### Members

Lee Chooi Keng (f)  
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

### COMPANY SECRETARY

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

Ong Wai Leng (MAICSA 7065544)  
(SSM PC No. 202008003219)

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

### AUDITORS

#### Crowe Malaysia PLT

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

#### Robert Yam & Co (00612)

No.190 Middle Road  
#16-01 & #16-03 Fortune Centre  
Singapore 188979.

### PRINCIPAL BANKERS

Malayan Banking Berhad  
Citibank Berhad  
Hong Leong Islamic Bank Berhad  
OCBC Al-Amin Bank Berhad  
AmBank (M) Berhad  
Alliance Bank Malaysia Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

### SHARE REGISTRAR

#### Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No.8, Jalan Kerinchi,  
59200, Kuala Lumpur, Malaysia.  
Tel: +6(03) 2783 9299  
Fax: +6(03) 2783 9222

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

### STOCK EXCHANGE LISTING

#### Bursa Malaysia Securities Berhad (Main Market)

Stock Name: HEXTAR  
Stock Code: 5151

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

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Fax: +6(03) 3101 2263  
Email: [hextar@hextar.com](mailto:hextar@hextar.com)  
Website: [www.hextarglobal.com](http://www.hextarglobal.com)

# CHAIRMAN'S STATEMENT

**“ Dear Shareholders,**

On behalf on the Board of Directors of Hextar Global Berhad (“Hextar” or “the Group”), I am honoured to present the Twelfth Annual Report and the Audited Financial Statements for the Financial Year Ended 31 December 2020 (“FYE 2020”)

We are happy to share that Hextar is moving a step forward amidst a highly challenging business and economic environment.

**”**

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



We have finally marked an end to FYE 2020 where FYE 2020 was an unforgettable year due to the outbreak of Coronavirus Disease (“COVID-19”). Most of us are significantly impacted by the COVID-19 as well as the subsequent economic recession. In spite of the tremendous challenges, I am pleased to announce that the Group is resilient and maintained a robust growth under these challenging conditions.

## **AN OVERVIEW OF OUR FINANCIAL PERIOD**

The Group observes a financial calendar of a twelve (12) months financial period from 1 January 2020 to 31 December 2020. Further explanation on our performance overview and moving forward action strategies are elaborated in the Management, Discussion and Analysis segment in this Annual Report.

## **DIVIDEND**

Hextar continues to reward our shareholders as a result of our meritorious financial performance. The Board of Directors (“Board”) had declared a total dividend payout of 4.0 sen per ordinary share for FYE 2020.

## **CORPORATE SUSTAINABILITY**

Entering into the fourth year of publishing Sustainability Report, we are committed to maintain and enhance the best sustainability initiatives in our agricultural and chemical businesses to pursue a sustainable value creation. Hextar strives to continue focus and devote on our core values in delivering excellence with transparent services, quality products as well as safety and reliable working environment.



## CHAIRMAN'S STATEMENT

This year, in upholding the principle of good corporate governance, the Board has implemented Section 17A of the Malaysian Anti-Corruption Commission Act. We truly understand that a good corporate governance is the foundation for a sustainable business. We will continue to behave with integrity as part of our core values.

I am gratified that Hextar has taken multiple steps to have an optimistic outlook in our continuous improvements. From our humble beginning since 1980, we are grateful for all the supports from our various stakeholders in building this sustainable journey together. We recognise that there are always room for improvement and enhancement and therefore, will steer the Company towards excellence.

### OUR HIGHLIGHTS

Hextar has marked another milestone in FYE 2020 in our continuous effort and dedication in the agriculture, chemical and consumer products industry. During the year, in line with our strategic business growth planning, we have continued to enhance our operational efficiency and market expansion.

On 24 February 2020, the Company held an Extraordinary General Meeting ("EGM") and obtained our shareholders' approval for the proposed disposal of a freehold industrial land together with a single story detached factory and an annexed double storey office building in Ulu Tiram, Johor. This arrangement has improved our operational efficiency by the internal re-organisation of our production operations. Such disposal has been completed in July 2020.

On the same day, 24 February 2020, the Board has also approved the Company's proposal to diversity into a new business venture of "Smart Agriculture". Attributable to the announcement by Malaysian Communications and Multimedia Commission ("MCMC"), agriculture is identified as one of the focus areas of Malaysia's 5G technology. The Board is of the view that Hextar has potential to benefit from such event by creating synergetic values from existing businesses.

On 24 August 2020, the Company has announced a press release in relation to our improving financial performance and dividend declaration, and most notably our new venture into Biogas Green Business.

On 5 November 2020, we have fully satisfied and completed the acquisition of Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) by acquiring 55% of the issued and paid-up share capital for a total cash purchase consideration of RM7,750,000. This has marked our new achievement in the agriculture sector by providing us a new economic growth point in the palm oil industry.

Whenever there is uncertainty, there is opportunity. In line with our strategic plan, we strongly believe that we are able to embrace the future uncertainty and will continue to perform well in the agrochemical industry.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our deepest appreciation to all of 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 over the years.

We also wish to sincerely thank and acknowledge with much gratitude on the crucial role of the Management and all employees of Hextar for their relentless dedication and hard work for the Group, especially during these uncertain times. Their efforts, talents and capability have supported the Group to navigate through this tough economy and continue to achieve towards our goals.

Lastly, to my fellow Board members, my sincere appreciation for all your relentless commitments in providing valuable advices and contributions to Hextar throughout the year and supporting the Group moving forward. We look forward to a better performance in 2021 and beyond. May the Group continue to work together and forge ahead to achieve a higher growth and success for the betterment in the near future.

Yours faithfully,

**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 Non-Executive Chairman*  
 Malaysian, Male, Aged 44

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, a male Malaysian aged 44, is our Independent 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. He is also currently our Remuneration Committee Chairman.

Dato' Sri Dr Erwan involvement in the business industry 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. He is also a Committee Member for RELASIS and the President of Pertubuhan Pedagang Dan Peniaga Kebangsaan Malaysia (PERDANA), the Corporate Advisor of Persatuan Kontraktor Melayu Malaysia, a Member of Sahabat Gerakan Revolusi Anti Rasuah (GERAH) and Member of Rakan Cop.

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.

## BOARD OF DIRECTORS' PROFILE



**Y.BHG DATO' ONG SOON HO**  
*Non-Independent Non-Executive Vice Chairman  
 Malaysian, Male, Aged 74*

Dato' Ong Soon Ho, a male Malaysian aged 74, 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 Hextar Holdings 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  
 Malaysian, Male, Aged 43*

Dato' Ong Choo Meng, a male Malaysian aged 43, is our Non-Independent Executive Director and was appointed to the Board on 22 May 2017.

Dato' Ong Choo Meng is a highly competent and professional business leader with over eighteen 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 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 with 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 Hextar Holdings Sdn Bhd which is the substantial shareholder of the Company. He is also a Director of Hextar Industries Berhad (formerly known as SCH Group Berhad).

## BOARD OF DIRECTORS' PROFILE



**LEE CHOOI KENG**

*Non-Independent Executive Director  
Malaysian, Female, Aged 64*

Madam Lee Chooi Keng, a female Malaysian aged 64, 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 40 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  
Malaysian, Male, Aged 70*

Mr Yeoh Chin Hoe, a male Malaysian aged 70, 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.

## BOARD OF DIRECTORS' PROFILE



**LIEW JEE MIN @ CHONG JEE MIN**  
*Independent Non-Executive Director*  
*Malaysian, Male, Aged 62*

Mr Liew Jee Min @ Chong Jee Min, a male Malaysian aged 62, is our Independent Non-Executive Director and was appointed to the Board on 14 December 2017. He is also currently our Nomination Committee Chairman.

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

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

Mr Chong is also the Chairman for YKGI Holdings Berhad and a Director of Parkson Holdings Berhad and Jaks Resources 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'S PROFILE

## **LO NGEN LOI**

*Managing Director  
Agriculture Division*

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Mr Lo Ngen Loi, a male Malaysian aged 64, 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*

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Mr Chen Sen Loon, a male Malaysian aged 54, 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 25 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'S PROFILE

### DR. LEE LENG CHOY

*Managing Director  
Research and Development Division*

Dr. Lee Leng Choy, a male Malaysian aged 48, 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.

### LIAN DAZHI

*Managing Director  
Biogas Engineering Division*

Ms. Lian Dazhi, a female Chinese citizen aged 67, is currently the Managing Director of Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) and Biogas Environmental Engineering Sdn. Bhd. and responsible for driving the Biogas business operations performance.

Ms. Lian holds a degree in Automatic Specialised Control from China Chongqing University. She has over 20 years of experience in methane project application technology, computer control system and the electrical machinery. Her previous working experience include being an Engineer in Chinese Academy of Science Computer Application Research Institute and Chinese Sichuan Ecology Resources Environmental Protection Research Institute, General Manager with Lanke Medical Service research center and Assistant General Manager with China Sichuan Technical Investment Limited Company.

Ms. Lian 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.

### CHIAM LONG CHAI

*Executive Director  
Consumer Products Division*

Mr Chiam Long Chai, a male Malaysian aged 48, is responsible for the Consumer Products business operations and growth.

Mr Chiam holds a degree in Business Studies, majoring in Finance. He has 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.

### PHAN NEE CHIN

*Financial Controller  
Group Finance Department*

Ms. Phan Nee Chin, a female Malaysian aged 43, was appointed as our Financial Controller on 16 March 2020. She holds a Bachelor of Degree (Accounting) from University of Malaya, and is a Chartered Accountant with the Malaysian Institute of Accountants.

Ms Phan has over 18 years of professional and commercial working experience in the areas of auditing, accounting, finance and administration. She began her career with a local medium size accounting firm and has held several senior finance positions in a number of companies; both private and public listed companies before joining the Company.

Ms. Phan 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Hextar Global Berhad ("Hextar" or "the Group") 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.

The Group had also 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).

Hextar is principally engaged in two (2) core business segments:

Segments	Principal Activities
Agriculture	Manufacturing, distribution and agents of agrochemicals, research and development activities. Our product portfolio offers a wide range of pesticides such as herbicides, insecticides, fungicides, rodenticides and miticides.
Consumer products	Manufacturing and distribution of disposable healthcare products, such as wet wipes, tissue and cotton-based products.

With an annual turnover of more than RM400 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. We supply our products mainly to distributors and corporate plantation groups locally and also export to over 30 countries around the world. Our Group had also diversified into the Internet of Things ("IOT") and Biogas business during the financial year.

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 field.

In March 2020, our Group continues its expansion plan by setting up a new subsidiary company, Hextar IOT Sdn. Bhd. ("Hextar IOT") to involve in the business of marketing, distribution and supply consultancy and management services of smart agriculture products using 5G technology in plantation industry.

Besides that, for the Group's long-term growth plan and business expansion, our Group's has entered into a Share Sale Agreement ("SSA") with the vendors on 24 August 2020 for the proposed acquisition of 1,155,000 ordinary shares representing 55% of the issued and paid-up share capital of Biogas Engineering (BEE) Sdn. Bhd. and subsequently changed its name to Hextar Biogas BEE Sdn. Bhd. ("HBEE"). HBEE specialised in technical research, engineering design, and construction of methane renewable energy. The core business of HBEE is to utilise anaerobic digestion technology to process industrial organic wastewater from food and beverage industries, concentrated animal farm operations and Palm Oil Mill Effluent ("POME").

HBEE is a local experience partner that collaborated with Malaysian Palm Oil Board ("MPOB") in development of a biogas harnessing system. The evaluation of the biogas system performance is technically mature and highly efficient with a Chemical Oxygen Demand/ Biochemical Oxygen Demand removal up to 95%.

On 5 November 2020, our Group has successfully completed the proposed acquisition exercise and which had allowed our Group to benefit from operation synergies through further involvement in the agriculture sector by providing solutions to the palm oil mill needs and bringing innovative solutions towards environment protections as the Group is able to possess the necessary technical support.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Objectives and Strategies

Our Group's objective is to deliver sustainable growth and value creation to our shareholders and stakeholders through our core competences and expertise in order to maintain a sustainable leadership position in the key areas which our Group focused on.

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

### FINANCIAL PERFORMANCE REVIEW

	FYE 2020 RM'000	FYE 2019 RM'000	Variances	
			RM'000	%
Revenue	418,642	337,278	81,364	24.1%
Gross Profit ("GP")	91,028	65,770	25,258	38.4%
Profit Before Taxation ("PBT")	56,688	11,182	45,506	>100.0%
Profit After Taxation ("PAT")	44,484	2,423	42,061	>100.0%
GP Margin	21.7%	19.5%	2.2%	11.3%
PBT Margin	13.5%	3.3%	10.2%	>100.0%
PAT Margin	10.6%	0.7%	9.9%	>100.0%

### Revenue

Despite the disruption caused by the outbreak of the COVID-19 virus since early 2020. Our Group's overall revenue has increased by RM81.4 million or 24.1% from RM337.3 million in FYE 2019 to RM418.6 million in FYE 2020. The significant increase in revenue mainly contributed from the agriculture segment.

The breakdown of the revenue by business segment is as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Variances	
			RM'000	%
Agriculture	392,958	318,559	74,399	23.4%
Consumer products	25,565	18,709	6,856	36.6%
Others	119	10	109	>100.0%
<b>Total revenue</b>	<b>418,642</b>	<b>337,278</b>	<b>81,364</b>	<b>24.1%</b>

Revenue from the agriculture segment increased by RM74.4 million or 23.4% from RM318.5 million in FYE 2019 to RM392.9 million in FYE 2020. Despite the imposition of MCO by the Government on 18 March 2020, our agriculture segment had minimal disruption as agriculture activities form part of the food supply chain which were deemed as essential services and therefore, agriculture activities are allowed to continue operate during the MCO period.

The Group's agriculture segment revenue increased significant in FYE 2020 was also strongly supported by the Group's core competency in research and development by expanding the number of product registration.

In addition, the revenue contributed from consumer products has also increased by RM6.9 million or 36.6% from RM18.7 million in FYE 2019 to RM25.6 million in FYE 2020. The increase revenue from of consumer product segment was mainly due to increase in market demand for wet wipes and tissue consumptions during the Covid-19 pandemic, as consumers are more concern on the hygiene issue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GP and GP Margin

GP increased by RM25.3 million or 38.4% from RM65.8 million in FYE 2019 to RM91.0 million in FYE 2020. The GP margin has also increased by 2.2% from 19.5% in FYE 2019 to 21.7% in FYE 2020.

The increased in GP and GP margin for agriculture segment was mainly due to the increase of selling price for the products we sold to local and oversea market. In addition, our Group was manage to secure additional raw material before the MCO in order to avoid the price increase in raw material.

The increased in GP and GP margin for consumer products segment was mainly due to increase in selling price for majority of the products and higher market demand. Besides that, the Group also manage to perform cost cutting by reducing the direct labour cost and other overheads costs incurred.

### Other Income

Our Group's overall other income decreased by RM0.9 million or 22.6% from RM4.1 million in FYE 2019 to RM3.2 million in FYE 2020. The decrease was mainly due to the interest received from customers amounting to RM0.6 million in FYE 2019 and also the decreased in commission received for FYE 2020.

### Selling and Marketing Expenses, Administrative Expenses, and Other Expenses

Selling and marketing expenses increased by RM0.8 million or 8.6% from RM8.8 million in FYE 2019 to RM9.6 million in FYE 2020. The increase was mainly due to the increase of carriage outward charges, freight and forwarding charges for the export of products and transportation charges incurred.

The overall increased in administrative expenses by RM0.6 million or 3.2% from RM19.4 million in FYE 2019 to RM20.0 million in FYE 2020. The increased was mainly attributable to the increased of staff cost and loss on realised and unrealised foreign exchange.

However, the other expenses decreased by RM21.0 million or 81.3% from RM25.9 million in FYE 2019 to RM4.9 million in FYE 2020. The decreased was mainly due to the one-off expenses incurred in FYE 2019 on the impairment loss on goodwill.

### Finance Costs

Our finance costs decreased by RM1.0 million from RM4.3 million in FYE 2019 to RM3.3 million in FYE 2020. The decrease in finance costs was mainly due to the reduction in bank borrowings.

### PBT and PBT Margin

PBT increased by RM45.5 million from RM11.2 million in FYE 2019 to RM56.7 million in FYE 2020. The increase in our Group's PBT was mainly driven by the significant decreased in other expenses resulted from the one-off expenses incurred for the impairment loss on goodwill and higher operational profits in FYE 2020.

PBT margin has increased by 10.2% from 3.3% in FYE 2019 to 13.5% in FYE 2020. The increase was mainly attributed to increase in the GPM contribution from the business segments and lower expenses incurred in order to create higher profit to the Group.

### Taxation

Corporate taxation increased by RM3.4 million or 39.3% from RM8.8 million in FYE 2019 to RM12.2 million in FYE 2020. The Group's effective tax rate is 21.5% in FYE 2020 which was lower than 78.3% recorded in FYE 2019. The higher effective tax rate for FYE 2019 was mainly due to the increase of non-deductible expenses incurred.

### PAT and PAT Margin

Our Group's overall PAT increased by RM42.1 million from RM2.4 million in FYE 2019 to RM44.5 million in FYE 2020.

PAT margin increased by 9.9% from 0.7% in FYE 2019 to 10.6% in FYE 2020. The increase was mainly attributed to the higher GPM recorded in FYE 2020 due to change in the GPM contribution from the business segments and lower expenses incurred in order to create higher profit to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL POSITION REVIEW

#### STATEMENTS OF FINANCIAL POSITION

	31.12.2020	31.12.2019	Variances	
	RM'000	RM'000	RM'000	%
Non-current Assets	91,249	84,168	7,081	8.4%
Current Assets	215,806	273,154	(57,348)	(21.0%)
<b>Total Assets</b>	<b>307,055</b>	<b>357,322</b>	<b>(50,267)</b>	<b>(14.1%)</b>
Non-current Liabilities	19,138	23,181	(4,043)	(17.4%)
Current Liabilities	86,650	148,801	(62,151)	(41.8%)
<b>Total Liabilities</b>	<b>105,788</b>	<b>171,982</b>	<b>(66,194)</b>	<b>(38.5%)</b>
<b>Net Assets</b>	<b>201,267</b>	<b>185,340</b>	<b>15,927</b>	<b>8.6%</b>
Current Ratio (times)	2.49	1.84	0.65	35.3%
Gearing Ratio (times)	0.29	0.67	(0.38)	(56.7%)
Net Assets Per Share (RM)	0.25 <sup>(1)</sup>	0.23 <sup>(2)</sup>	0.02	8.7%

Notes:

- (1) Calculated based on the total net assets divided by the weighted average number of shares in issue of 820,679,564 as at 31 December 2020.
- (2) Calculated based on the total net assets divided by the weighted average number of shares in issue of 820,652,064 as at 31 December 2019.

#### Total Assets

Total assets decreased by RM50.3 million from RM357.3 million as at 31 December 2019 to RM307.1 million as at 31 December 2020.

Non-current assets increased by RM7.1 million mainly due to the increase in goodwill on consolidation amounting to RM5.9 million as well as the increase of right-of-use assets amounting to RM1.3 million. The increase of non-current assets was offset by depreciation and amortisation charge amounting to RM3.9 million.

Current assets decreased by RM57.3 million mainly due to reduction in trade receivables outstanding balances by RM22.0 million, decrease in non-current asset held for sale amounting to RM30.5 million, and reduction in cash and bank balances amounting to RM12.2 million due to repayment of bank borrowings and acquisition of new subsidiaries. The decrease in current assets have offset against the increased in *inventories amounting to RM1.9 million*, other receivables amounting to RM2.4 million and amount due from related parties amounting to RM3.3 million.

#### Total Liabilities

Total liabilities decreased by RM66.2 million from RM172.0 million in 31 December 2019 to RM105.8 million in 31 December 2020.

Non-current liabilities decreased by RM4.0 million mainly due to repayment of term loan facility amounting to RM3.1 million and decreased in deferred tax liabilities amounting to RM2.3 million. The decrease was offset against with the increased in lease liabilities amounting to RM1.3 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

Current liabilities decreased by RM62.2 million mainly due to the repayment of term loan facility amounting to RM20.6 million and also the reduction in utilisation of bills payables facility by RM53.4 million.

Overall, the current ratio of the Group was recorded at 2.49 times as at 31 December 2020 compared to 1.84 times as at 31 December 2019. The increase of current ratio was mainly due to the decrease in bank borrowings, this has also led to the decrease in gearing ratio by 0.38 times from 0.67 times as at FYE 2019 to 0.29 times as at FYE 2020.

### STATEMENTS OF CASH FLOWS

	FYE 2020	FYE 2019	Variances	
	RM'000	RM'000	RM'000	%
Net cash from operating activities	62,053	35,190	26,863	76.3%
Net cash from investing activities	23,849	5,499	18,350	>100.0%
Net cash used in financing activities	(98,214)	(25,134)	(73,080)	>100.0%
Net change in cash and cash equivalents ("CCE")	(12,312)	15,555	(27,867)	>100.0%

Overall, the Group has a negative net change in cash position of RM12.3 million as at 31 December 2020. The negative net cash generated mainly due to:

- Net cash from operating activities amounting to RM62.1 million was mainly attributed to the increase in the business activities and positive results during FYE 2020;
- Net cash from investing activities amounting to RM23.8 million mainly attributable to the disposal of property, plant and equipment amounting to RM30.0 million and interest received amounting to RM0.4 million during FYE 2020. This has offset against the acquisition of the subsidiary company – Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) at a net of CCE amounting to RM5.3 million, purchase of property, plant and equipment and right-of-use of assets amounting to RM1.4 million and RM1.9 million respectively.
- Net cash used in financing activities amounting to RM98.2 million was mainly attributed to the repayment of term loan and other bank borrowings facilities amounting to RM78.1 million and dividend payment of RM32.6 million.

### REVIEW OF OPERATING ACTIVITIES

#### Agriculture

The Group has core competencies in the agrochemicals industry supported by its strength in research and development and commercialisation and marketing of over 600 products registration ranging from herbicides, pesticides to fungicides registered with the Malaysia Pesticide Board under the Pesticides 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 acquisition of HBEE exercise of which the announcement of completion was made on 5 November 2020. The Group foresee this prominent business combination could have increase the Group overall profit due to they are having the same customer base which could give advantage to the success of the business-related proposal.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

The Agriculture segment achieved a historical record high for the current financial year 2020 despite the outbreak of COVID-19 and the implementation of movement control order ("MCO").

### Consumer Products

The Consumer Products segment had successfully turnaround from a loss before taxation of RM1.5 million for the FYE 2019 to a near to breakeven point of loss before taxation of approximately RM40,000 for the FYE 2020. The result was strongly driven by management's continuous effort in cost rationalisation and strengthening of operational efficiency.

### Others

For the FYE 2020, the business operation of Hextar IOT which involve in the 5G Technology in plantation industry is still consider new in market.

However, with the ongoing initiatives of our Group, we are confident and poised to deliver a satisfactory financial performance in the near future.

## 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 expand customers base and to achieve business growth. The emphasis on long-term partnership with customers who are committed to sustainable business relationships.

### Political, Economic and Regulatory Risk

The Group could also be affected by economic uncertainty and issues such as worldwide lockdown due to 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 1.0 sen per ordinary share amounting to approximately RM8.1 million in respect of the financial year ended 31 December 2020. Subsequently on 28 September 2020, the Company paid the second interim single-tier dividend of 1.2 sen per ordinary share amounting to approximately RM9.8 million in respect of the financial year ended 31 December 2020. On 28 December 2020, the Company paid the third interim single-tier dividend of 1.0 sen per ordinary share amounting to approximately RM8.2 million in respect of the financial year ended 31 December 2020. On 26 March 2021, the Company paid a fourth interim single-tier dividend of 0.8 sen per ordinary share amounting to approximately RM6.6 million in respect of the financial year ended 31 December 2020.

The total dividend declared and paid to date for the current financial year of 4.0 sen per ordinary share, amounted to approximately RM32.7 million, provided an adequate balance between rewarding the shareholders and investors with appropriate returns while retaining sufficient profits to sustain growth in the future.

### FUTURE PROSPECTS

#### Agriculture

For year 2021, the segment will continue to intensify its sales and marketing efforts to secure more customers locally and oversea in order to boost our market shares as well as continuous developing of new products to improve our competitive advantage. Together with the newly acquired Biogas business, the Agriculture segment will continue its growing momentum with higher earnings contributions.

Barring any unforeseen resurgence of COVID-19 and challenges ahead, the Group is well prepared and the Board is confident that the segment will continue to contribute a sustainable income in year 2021.

#### Consumer Products

In view of year 2021, our Group will bring the consumer products segment into next phase in focusing to boost its revenue by market and product development. The segment is positive to achieve a better financial performance and contribute to the Group positively.

#### Others

The Group will continue with its expansion plan by embarking on 5G technology in plantation industry in 2021 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.

Hextar Group acknowledges the challenges posed by Covid-19 pandemic outbreaks. However, with the Group's ongoing initiatives, the Board remains fully confident and poised to deliver a satisfactory financial performance for the financial year 2021.

# CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT



## COMMITMENT TO SUSTAINABILITY

Hextar Global Berhad (“Hextar”) and its subsidiaries (“Hextar Group” or “the Group”) are cognisant of the importance of sustainability in our business environment and hence, sustainability considerations in respect of Economic, Environmental and Social are always being integrated in our governance structure, corporate strategies and business operations.

We are committed to ensure high governance standards are applied across our various business operations, promote responsible business practices, manage and reduce environmental impacts caused by our business operations while taking care of the social needs of the local community.

The Board is pleased to present this Corporate Responsibility and Sustainability Statement (“Statement”) for financial year ended 31 December 2020 (“FYE2020”) which illustrates our strategic approaches in facing sustainability challenges and opportunities in an effort to improve our business, environment and society.

## SCOPE OF THIS STATEMENT

This Statement covers the sustainability efforts and performances in Hextar and its subsidiaries for the FYE2020 in respect of Economic, Environmental and Social contexts. Subsidiaries refer to all companies in which Hextar holds a majority stake or has direct management control.

## BASIS OF THIS STATEMENT

This Statement was prepared based on available internal information and in a manner as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”), in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia.

## MATERIALITY ASSESSMENT

We have conducted a materiality assessment to reassess the material matters which are relevant to our Group in the contexts of Economic, Environmental and Social. Please refer to our Material Matter Matrix in this Statement.

## FEEDBACK

In our continuous efforts to improve our sustainability measures and reporting standards, we welcome stakeholders’ feedback on this Statement and any other relevant matters. Comments and queries related to this Statement can be directed to [hextarglobal@hextar.com](mailto:hextarglobal@hextar.com).

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT





### SUSTAINABILITY GOVERNANCE STRUCTURE



To integrate and promote sustainability in the business operations of Hextar Group, we have instituted a clear governance structure that provides a strong foundation to effectively steer the Group towards achieving our sustainability objectives and review the sustainability initiatives.

The Board plays a crucial role in overseeing the Group's sustainability plans and the implementation of strategies to ensure that the Group's sustainability aims are achieved. The Board is assisted by our Sustainability Committee which comprises of the Group's operational Executive Directors who are primarily responsible for ensuring that all sustainability matters are well addressed. The Sustainability Committee is assisted by the Department Sustainability Working Group, which comprises of the representatives from every department within the Group where the primary function is to ensure sustainability initiatives are being implemented and monitored accordingly.






### STAKEHOLDERS ENGAGEMENT

Stakeholders	Stakeholders Concerns/Material Matters	Engagement Methods
Investors 	<ul style="list-style-type: none"> <li>❖ Share price performance</li> <li>❖ Financial and operational performance</li> <li>❖ Business management &amp; corporate governance</li> <li>❖ Investment risk and returns</li> </ul>	<ul style="list-style-type: none"> <li>✓ Annual general meeting ("AGM") and extraordinary general meeting ("EGM")</li> <li>✓ Quarterly financial results and annual report</li> <li>✓ Press releases and interviews</li> <li>✓ Company website</li> <li>✓ Announcement on Bursa Malaysia website</li> </ul>
Government/ Authorities 	<ul style="list-style-type: none"> <li>❖ Laws and regulations adherence</li> <li>❖ Occupational health and safety</li> <li>❖ Permits and licenses</li> <li>❖ Corporate governance and compliances</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meetings/ visits</li> <li>✓ Verification/ compliance audit</li> <li>✓ Quarterly announcements</li> <li>✓ Ad-hoc report submission as and when requested by regulators</li> </ul>
Bankers 	<ul style="list-style-type: none"> <li>❖ Financial and operational performance</li> <li>❖ Repayment capabilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meetings/ visits</li> <li>✓ Announcement on Bursa Malaysia website</li> <li>✓ Media release</li> </ul>
Board of Directors 	<ul style="list-style-type: none"> <li>❖ Continuous business and operational improvements</li> <li>❖ Financial results</li> <li>❖ Business risks and corporate strategies</li> <li>❖ Interest of various stakeholders and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>✓ Quarterly and ad-hoc Board meetings</li> <li>✓ AGM and EGM</li> <li>✓ Company events</li> </ul>



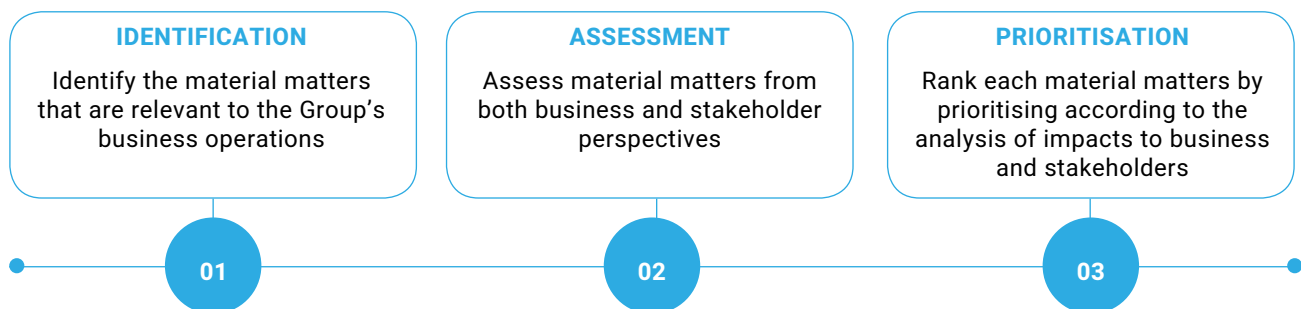
## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

### STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholders	Stakeholders Concerns/Material Matters	Engagement Methods
Employees 	<ul style="list-style-type: none"> <li>❖ Career development opportunities</li> <li>❖ Training and development</li> <li>❖ Talent and performance management</li> <li>❖ Succession planning</li> <li>❖ Occupational health and safety</li> <li>❖ Competitive compensation and benefit packages</li> </ul>	<ul style="list-style-type: none"> <li>✓ Induction training</li> <li>✓ Learning and development program</li> <li>✓ Regular engagement with senior management</li> <li>✓ Performance appraisals</li> <li>✓ Company social events</li> </ul>
Customers 	<ul style="list-style-type: none"> <li>❖ Quality assurance of products and services</li> <li>❖ Customer's satisfaction</li> <li>❖ Technological and operational innovation</li> <li>❖ New products development</li> <li>❖ Competitive pricing and on-time delivery</li> </ul>	<ul style="list-style-type: none"> <li>✓ Regular meetings</li> <li>✓ Feedback survey</li> <li>✓ Advertisement and marketing events</li> <li>✓ Company website/ social media</li> <li>✓ Company events</li> </ul>
Suppliers 	<ul style="list-style-type: none"> <li>❖ Sustainable business relationships</li> <li>❖ Sourcing of quality materials</li> <li>❖ Selection of suppliers and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>✓ Face-to-face interaction</li> <li>✓ Supplier assessment</li> <li>✓ Email communications</li> </ul>
Community 	<ul style="list-style-type: none"> <li>❖ Job creation for local communities</li> <li>❖ Environmental impact from operations</li> <li>❖ Economic support</li> </ul>	<ul style="list-style-type: none"> <li>✓ Community outreach program</li> <li>✓ Corporate volunteering program</li> <li>✓ Company website/ social media</li> </ul>
Analyst/ Media 	<ul style="list-style-type: none"> <li>❖ Financial and operational performance</li> <li>❖ Business strategies and plans</li> <li>❖ Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>✓ AGM and EGM</li> <li>✓ Press conference and media interviews</li> <li>✓ Media release</li> </ul>

### MATERIALITY ASSESSMENT AND APPROACH

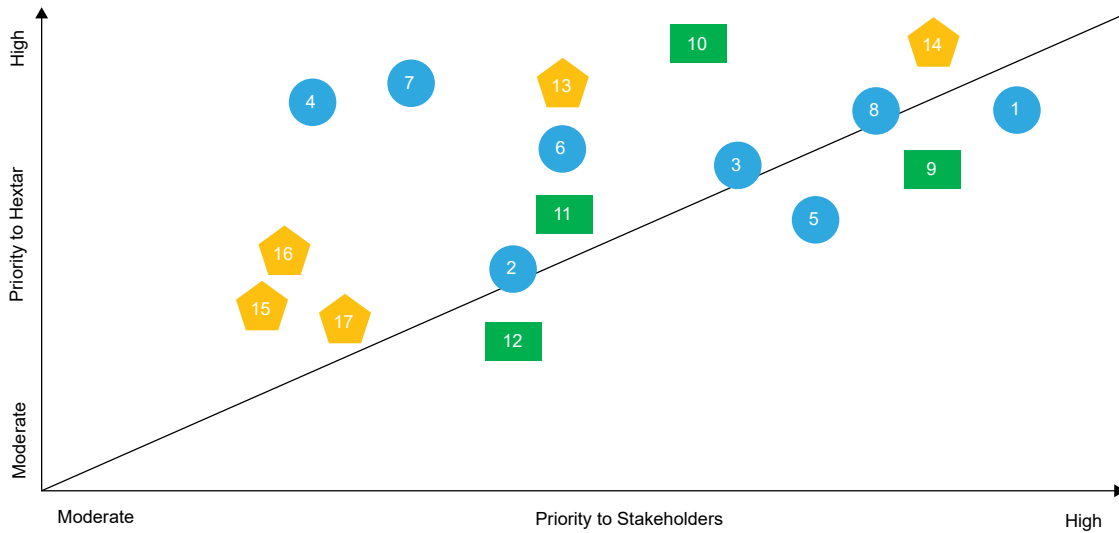
Materiality assessment is a critical input to formulate our corporate sustainability strategy as it allows us to identify and prioritise sustainability matters that most relevant to our business operations as well as our various stakeholders. In FYE2020, we repeated the materiality assessment to further streamline, identify and prioritise relevant material sustainability matters by adopting the following materiality assessment approach: -



**CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT**

**MATERIALITY ASSESSMENT AND APPROACH (CONT'D)**

Based on our materiality re-assessment, we have identified and ranked seventeen (17) key areas which matter to our Group and our stakeholders in the context of Economic, Environment and Social, scaling from “Moderate” to “High” in the following **Material Matters Matrix**: -



ECONOMIC		ENVIRONMENTAL		SOCIAL	
1	Business Profitability	9	Material Management	13	Employees Diversity and Equal Opportunities
2	Business Expansion	10	Laws and Regulations Compliance	14	Occupational Safety and Health
3	Dividend Distribution	11	Pollution Minimisation	15	Contribution to Community
4	Product Recognition	12	Energy Efficiency	16	Employees Training and Development
5	Quality Assurance			17	Employees Engagement
6	Corporate Governance and Risk Management				
7	Research and Development				
8	Customer Satisfaction				

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT



### ECONOMIC

At Hextar, we strive to create long-term value to our various stakeholders and achieve sustainable business growth by delivering quality and innovative products and services.

### BUSINESS PROFITABILITY

	Audited		
	FYE2018* RM'000	FYE2019 RM'000	FYE2020 RM'000
Revenue	273,993	337,278	418,642
Gross Profit	54,552	65,770	91,028
Profit After Tax ("PAT")	31,931	2,423	44,484

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

Year 2020 is definitely a year that full of challenges as a result of the Covid-19 pandemic. However, our business operations were not materially affected as we were allowed to operate as essential business during the various movement control orders ("MCO") periods. Moreover, we have reported record high performance with PAT of RM44.48 million in FYE2020. The outstanding performance in FYE2020 was mainly attributable to strong performance by our Agriculture Segment and we had grown stronger in the sales to both local and overseas markets. The details of our financial performance can be referred to Management Discussion and Analysis ("MD&A") section in this Annual Report.

Despite our outstanding performance in FYE2020, we shall continue to intensify sales and marketing efforts to secure more customers locally and overseas in order to boost our market shares and deliver great values to our various stakeholders.

### BUSINESS EXPANSION

In FYE2020, we have acquired 55% of the paid-up capital of Biogas Engineering (BEE) Sdn Bhd, we subsequently changed the company's name to Hextar Biogas BEE Sdn. Bhd. a company that focuses on the research, design, construction, installation and commissioning of various anaerobic digestion systems for palm oil wastewater treatment. This acquisition was not only enabling the Group to have additional revenue stream by providing solutions to the palm oil mills but also bringing innovative solutions for environment protections.

In addition, taking advantage of the 5G technology development in Malaysia, the Group continues its expansion plan by setting up a new subsidiary company, Hextar IOT Sdn Bhd in March 2020 to embark on 5G technology in plantation industry. The Group is now involved in sales of equipment, services and consultancy services on the use of 5G technology such as drones and smart Unmanned Aerial Vehicle to plantation industry. We believe that this new business venture shall create synergy with our business of manufacturing and distribution of pesticides.

The Board will continue to explore on other business expansion opportunities in order to achieve sustainable business growth.

### DIVIDEND DISTRIBUTION

Dividend payment sends a clear and powerful message to the stakeholders on the Group's performance and positive expectations of future earnings. In FYE2020, we are pleased to highlight that we have declared four (4) interim single-tier dividends with 1.0 sen, 1.2 sen, 1.0 sen and 0.8 sen per share respectively to our shareholders. The total dividend declared of 4 sen per share amounted to a total of approximately RM32.68 million.

Barring unforeseen circumstances, we shall continue to declare dividend as a form of reward to our supportive shareholders and to enhance the confidence of our shareholders towards the Group's business performance.

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

### ECONOMIC (CONT'D)

#### PRODUCT RECOGNITION

The Group recognises that product recognition with positive and reputable branding is the key to stand strong in the market and support sustainable business growth.

In our agriculture segment, with an extensive distribution and brand presence in both local and international markets, Hextar is hailed as the major force in agrochemicals and the market leader in Malaysia. As the major producer in the country, Hextar currently owns, produces and offers over 600 branded agrochemicals products for over 30 countries worldwide.

In FYE2020, Hextar has also achieved a new milestone in respect of new product registration. We are glad to share that we are managed to get approval for nine (9) products of which three (3) of the products were launched commercially.

Apart from agrochemicals products, the Group is also an established and well-known fertilizers company with complete crop management solution provider that is equipped with customisation capabilities.

In our consumer products segment, we have been focusing on producing and distributing quality paper, cotton and wipes products under our own brands like Adeeva, TenderSoft, Evelyn, Bunnies, Every Woman, Tenders and Protect. We are currently distributing our products via established distributors, hypermarkets, supermarkets and dealer networks to gain greater market presence.

We are dedicated to enhance our product visibility and market presence by intensifying sales and marketing efforts continuously in order to boost our market shares in both agriculture segment and consumer products segment.



#### CORPORATE GOVERNANCE AND RISK MANAGEMENT

An effective governance structure and risk management system forms a strong backbone for our Group's business operations. We advocate best practices and good corporate governance in our business operations in accordance to the Malaysian Code on Corporate Governance 2017. Details of our corporate governance practices are reported in the Corporate Governance Overview Statement in this Annual Report and the Corporate Governance Report 2020.

In order to ensure sound corporate governance and ethical business conducts are being practiced across the business operations. The Group has in place several policies with key notes as follows: -

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

### ECONOMIC (CONT'D)

#### CORPORATE GOVERNANCE AND RISK MANAGEMENT (CONT'D)

Corporate Code of Conduct & Ethics ("Code")	<ul style="list-style-type: none"> <li>➤ Employees are required: -             <ul style="list-style-type: none"> <li>▪ To act honestly and legally at all times;</li> <li>▪ To ensure confidentiality of the Group's information;</li> <li>▪ To avoid any conducts that could risk or damage the Group's reputation; and</li> <li>▪ To avoid personal interest being ahead of the Group's interest.</li> </ul> </li> <li>➤ All applicable laws, rules and regulations must be adhered to accordingly.</li> <li>➤ Any conflict of interest must be avoided/ disclosed promptly.</li> <li>➤ Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited.</li> <li>➤ All employees must not engage in any fraudulent or dishonest activity.</li> <li>➤ Discrimination and harassment in workplace are prohibited.</li> </ul>
Anti-Bribery and Corruption Policy ("ABCP")	<ul style="list-style-type: none"> <li>➤ The Group has zero-tolerance against all form of bribery and corruption.</li> <li>➤ The Group is committed to acting professionally, fairly and with integrity in all our relationships and business dealings.</li> <li>➤ Due diligence shall be conducted before entering into any formalised relationship.</li> <li>➤ "No Gift" policy is implemented.</li> <li>➤ Facilitation payments are strictly disallowed.</li> </ul>
Whistle Blowing Policy	<ul style="list-style-type: none"> <li>➤ Employees or other stakeholders are encouraged to make disclosures openly and honestly and concerns or complaints raised will be treated fairly and confidentially.</li> <li>➤ Disclosure can be made to the Chairman of Whistleblowing Committee, Mr. Yeoh Chin Hoe, via email at <a href="mailto:whistleblower@hextar.com">whistleblower@hextar.com</a> or send to the Group's address at No. 64, Jalan Bayu Laut /KS09, Kota Bayuemas, 41200 Klang, Selangor.</li> <li>➤ Investigation shall then be conducted and appropriate disciplinary actions will be undertaken, if necessary.</li> </ul>

The Code, ABCP and Whistle Blowing Policy are available on our website at <https://www.hextarglobal.com>.

In FYE2020, 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 Code, ABCP and/ or any laws and regulations. In this regard, there was no fines, penalties or settlements imposed or made during the year.

Risk assessments are conducted on an annual basis to identify and mitigate significant risks that are affecting our business operations. Our Risk Management Committee is overseeing the risk management process of our Group in order to safeguard the interest of our various stakeholders. Details of our Group's risk management is discussed in the Statement on Risk Management and Internal Control in this Annual Report.

#### QUALITY ASSURANCE

As a manufacturer and distributor of agrochemical products in our agriculture segment, the Group plays a pivotal role in our customers' supply chains. Therefore, we placed upmost emphasis and committed to deliver products of the highest quality and safety standard while providing services to customers with integrity, diligent and care. We apply stringent standards and requirements in our quality management system across the business operations. Our range of agrochemical products such as herbicides, pesticides and fungicides etc., are not only registered with the Malaysia Pesticide Board under the Pesticides Act 1974 locally, but also registered with other relevant international boards.

Similarly for our consumer products segment, our consumer products undergo a stringent quality control and assurance process before they are made available in a vast range of retail stores and outlets throughout Malaysia and exporting to countries such as Singapore, Cambodia, Vietnam, Thailand, Philippines, Hong Kong, New Zealand, Brunei, Kenya and Middle East.

**CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT**

**ECONOMIC (CONT'D)**

**QUALITY ASSURANCE (CONT'D)**

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

Our Companies	Accreditation	Scope of Accreditation
Halex (M) Sdn Bhd	ISO 9001:2015	Formulation, manufacture and repacking of Herbicides, Fungicides, Insecticides, Fertilisers and Agrochemicals
Halex Woolton (M) Sdn Bhd	ISO 9001:2015	Design, formulation and manufacture of wet wipes products and converting of tissue paper products
	MS 2200 Part 1:2008	Halal certification for: - • contract manufacturing/ OEM; and • the following products: - o Adeeva antibacterial fragrance-free wipes o Adeeva antibacterial wipes o Adeeva baby wipes o TenderSoft antibacterial wipes o TenderSoft baby wipes o TenderSoft fragrance-free baby wipes
Hextar Chemicals Sdn Bhd	MS ISO 9001:2015 OHSAS 18001:2007	Manufacture, formulate, repacking and marketing of agricultural and industrial chemicals
Hextar R&D International Sdn Bhd	MS ISO/IEC 17025:2017	Accredited laboratory



**RESEARCH AND DEVELOPMENT**

Research and development (“R&D”) is always our core competency to remain competitive in the industry. We are eager to improve our existing product ranges and develop new product ranges that are highly effective with premium quality without compromising the product safety and surrounding environment. In FYE2020, we managed to get approval for 9 new products, of which 3 of them has been launched commercially.

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

### ECONOMIC (CONT'D)

#### RESEARCH AND DEVELOPMENT (CONT'D)

Our subsidiary, Hextar R&D International Sdn Bhd (“Hextar R&D”) support the Group’s business operations with products R&D and formulation, licenses information and various local and overseas regulatory information. Hextar R&D is backed by a passionate team consisted of experienced agronomists, researchers and chemists. They are capable of providing trusted technical advices, perform research and testing for our Group as well as our esteemed customers.

Hextar R&D was nominated as commercial adviser to provide industry inputs to Universiti Sains Malaysia and attended the Industry and Community Partners Meeting at Penang on 13 February 2020.

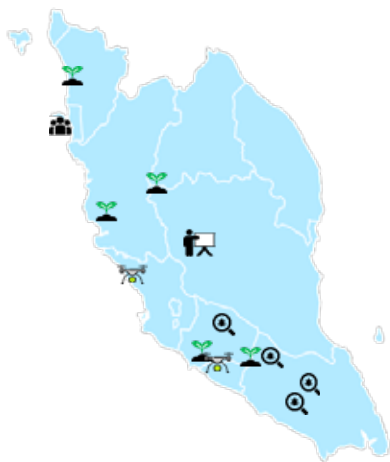
Throughout the year, Hextar R&D has conducted a series of field testing of new products in different crops including rice, vegetables, fruits and oil palm at the following locations: -

Date	Location
14 February 2020	Alor Setar, Kedah
June till August 2020	Seberang Perak, Perak
8 October 2020 and 8 December 2020	Bukit Gambir, Johor
6 December 2020	Melaka
17 December 2020	Cameron Highlands, Pahang

In addition, spraying technology using drone was also evaluated at rice field and durian plantation located at Sekinchan, Selangor and Tiang Dua, Melaka on 25 September 2020 and 26 August 2020 respectively.

Meanwhile, Hextar R&D has conducted farmer education talks at Raub, Pahang on 10 March 2020, and served as subject matter expert in field visit to several vegetable farms for pest/diseases identification and control as follows: -

Date	Location
6 October 2020	Kluang, Johor
7 October 2020	Ayer Hitam, Johor
8 October 2020	Bukit Gambir, Johor
6 December 2020	Bahau, Negeri Sembilan



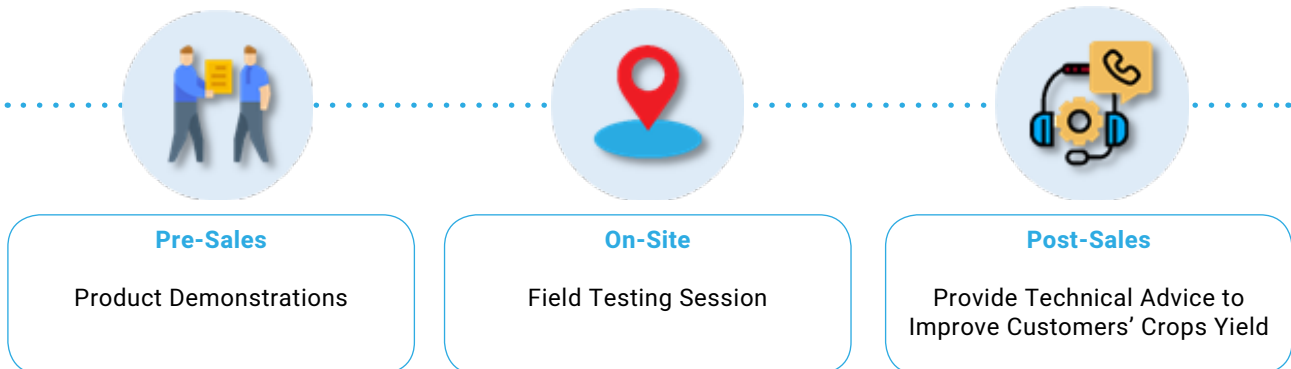
	Industry and Community Partners Meeting
	Field testing of new products and new use in different crops
	Evaluation of spraying technology using drone
	Farmer education talk
	Field visit for pest/diseases identification and control

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

## ECONOMIC (CONT'D)

## CUSTOMER SATISFACTION

Being a customer-driven company, we place great emphasis on customer satisfaction. As we strive to go beyond meeting customers' needs to delivering a positive customer experience, we engage and communicate regularly with our customers to understand their needs and expectations. In addition, we offer a full range of support to our customers from pre-sales stage to post-sales stage as follow: -



Any enquiry and complaint from our customers shall be dealt with by our people within a short period of time. We take positive and negative feedbacks from customers in a constructive manner as it is an integral part of our efforts to promote two-way engagement and foster loyalty in key customer relationships while customers' feedback are developed into appropriate improvement plans that address improvement opportunities.

In FYE2020, we received 14 complaints and we have resolved all complaints in a proper and professional manner .

Hextar Group is committed to safeguard customer proprietary information by complying to Malaysia Personal Data Protection Act 2010 as we understand that failure to do so shall lead to lose of customer's trust and confidence. In addition to direct financial consequences such as penalties and fines, breach of customer privacy may pose a risk to our reputation as well as customer loyalty and satisfaction.



## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT



### ENVIRONMENTAL

In Hextar, we believe that preserving the environment and shared natural resources are crucial to ensure our business operations are able to create value sustainably without affecting the quality of life of our surrounding communities.

### MATERIAL MANAGEMENT

Material management is being practiced in each stage of our production life cycle as we believe that our control efforts made in each stage shall contribute to an effective and efficient production environment while minimising the usage of natural resources.

We have implemented several practices in our business operations to conserve our material resources as follows: -

<b>1</b>	Reduce the usage of environmentally harmful raw materials.	<b>2</b>	Manage waste disposal carefully according to relevant regulatory requirements.
<b>3</b>	Recycle materials and resources which are recyclable or reusable.	<b>4</b>	Minimise waste or emission to the environment.

### LAWS AND REGULATIONS COMPLIANCE

As a responsible listed company, we are dedicated to conduct business in compliance to all relevant laws and regulations inclusive but not limited to the following: -

The International Organisation for Standardisation ("ISO")	<p>ISO is a global standard to ensure that the products and services provided are safe, reliable and of good quality.</p> <p>We acknowledge that our customers should deserve good quality products that certified with ISO and hence, our range of agrochemicals, tissue paper products and industrial chemicals are certified with ISO. A minimum of annual review is to be conducted by the accreditation body in order to ensure that our compliance and production standards are satisfactory.</p>
Good Manufacturing Practice ("GMP")	<p>GMP regulations govern the manufacturers, processors and packagers of drugs, medical devices, blood and certain foods to ensure that their products are in safe, pure and effective conditions.</p> <p>In our consumer products segment, certain products such as wet wipes involve the usage of liquid chemicals which can be harmful to human skin without proper testing and verification. Our relevant production line is GMP certified and regulated. This shall ensure that our relevant products are reliable in quality and safety.</p>
Environmental Quality (Scheduled Wastes) Regulation 2005	<p>Scheduled waste refers to any waste that is hazardous and can potentially cause adverse effect to the public health and environment. In our agriculture segment, we comply and adhere to the Environmental Quality (Scheduled Wastes) Regulation 2005 by disposing all the scheduled wastes generated to the approved disposal facilities.</p> <p>In FYE2020, we have sent 2 chemists to attend scheduled waste training to ensure their competency in handling scheduled wastes.</p>

We are glad to highlight that there was no penalty or fine imposed by relevant regulatory authorities in relation to environmental compliance within FYE2020.

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

## ENVIRONMENTAL (CONT'D)








## POLLUTION MINIMISATION

In our effort to protect the environment, we have a policy in place to strengthen pollution prevention measures within our business operations so as to minimise any adverse impacts to the surrounding environment.

Apart from 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. We ensure that our productions are carried out within the controlled air pollutant and permitted noise level in accordance to all applicable environmental pollution control regulations.

## ENERGY EFFICIENCY

Our Group continuously seek for alternatives to enhance energy efficiency of our business operations in order to lower our operational costs while reducing carbon footprint. We are currently implementing the following energy efficiency initiatives across the Group: -

	Conserve electricity and water consumption by managing production schedules effectively and minimise unnecessary electricity and water usage in office working environment.
	Increase the usage of electronic softcopies to reduce paper consumption.
	Increase the usage of technology for meeting/communication to reduce carbon footprint arising from business travelling.
	Encourage the usage of public transport or carpooling when travelling to and from work.
	Allow 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.
	Hire external trainers to conduct trainings in our office whenever possible in order to make full use of our office facilities while reduce the needs for our employees to travel for trainings, which in turn enable time and cost savings.
	Regular and scheduled maintenance are performed on our Group's machineries and vehicles to ensure optimal performance and efficiency. Additionally, our machine operators and drivers are trained to not leave machineries and vehicles' engines running when they are idle to minimise emissions.

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT



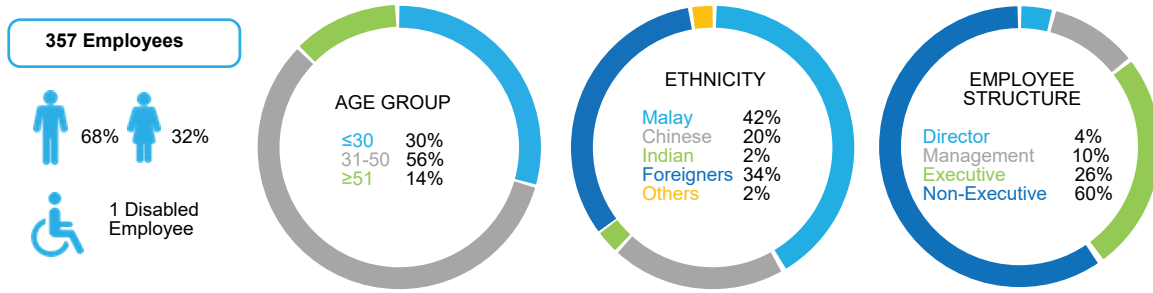
### SOCIAL

Hextar views our people as our pride and cherishes their efforts in contributing to our sustainable business growth. We strive to maintain a healthy and well-balanced workplace for our beloved employees.

### EMPLOYEES DIVERSITY AND EQUAL OPPORTUNITIES

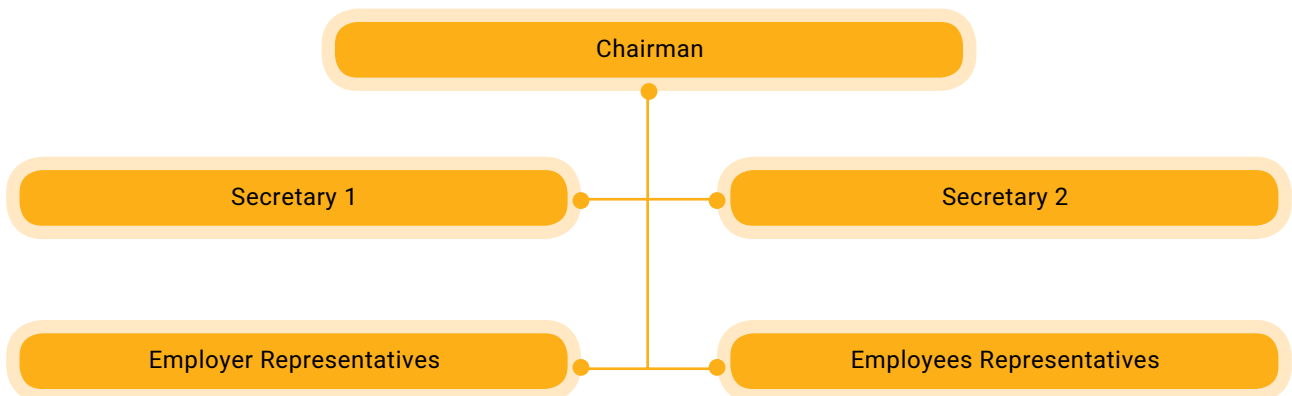
Hextar believe talent is diverse by nature and we aim to build a diverse workforce that begins with offering equal opportunities and career advancement to people regardless of gender, race and nationality in order to unleash infinite potentials and creativities for our business success.

Our Group is well represented by all age group and ethnicity with men outnumbering women. We attempt to increase the number of women in all positions over the longer term. As at 31 December 2020, we have a total of 357 employees illustrated as follows: -



### OCCUPATIONAL SAFETY AND HEALTH

The safety and health of our people is at the core priority of our business operations and our primary responsibility as a responsible company. In an effort to maintain a safe and healthy working environment, we have established a Safety, Health and Environmental (“SHE”) Committee to formulate, review and disseminate safety and health standards and procedures, monitor compliance to various occupational safety and health requirements/regulations and to recommend corrective actions for any identified hazards to our employees. The structure of our SHE Committee is as follows: -



**CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT**

**SOCIAL (CONT'D)**

**OCCUPATIONAL SAFETY AND HEALTH (CONT'D)**

Our SHE Policy has also been introduced to outline the following aims: -

<input checked="" type="checkbox"/>	To provide safe and healthy working environment for the prevention of work-related injury and ill health to all workers, contractors and visitors
<input checked="" type="checkbox"/>	To comply with all relevant legal and other requirements
<input checked="" type="checkbox"/>	To eliminate hazards and reduce occupational health and safety risks associated with our operations
<input checked="" type="checkbox"/>	To encourage proactive involvement of all workers through consultation and participation for continual improvement of occupational health & safety and environmental management

With our dedicated management and control of occupational safety and health matters in Hextar Group, there was only 1 case of lost-time injury with 2 days medical leaves reported in FYE2020.

We are also glad to highlight that the Occupational Health and Safety Management System for one of our subsidiary company in agriculture segment has been certified with OHSAS 18001:2007 certification, under the scope of "Manufacture, Formulate and Repacking of Agricultural and Industrial Chemicals".

Due to the limitation caused by various MCO, our people only attended 3 external trainings relevant to occupational safety and health in FYE2020. Nevertheless, we have undertaken some in-house initiatives to promote occupational safety and health and increase the awareness of Covid-19 as shown below: -

Safety and Health Trainings and Programs in FYE2020		
External Training	3 to 5 August 2020	ISO 45001 Awareness and Internal Audit Training
	3 to 5 August 2020	ISO 45001:2018 (Safety Management System)
	6 to 7 October 2020	Chemical Handling Training
In-house Program	Periodically	Gotong-royong in Factory
		15-Minute Off! (Office Sanitation)
		Mass Covid-19 Screening



*Gotong-Royong in Factory*



*15-Minute Off! (Office Sanitation)*

During MCO period, we have arranged our production workers and lab staff to undergo health surveillance earlier this year. None of our employees are tested positive for Covid-19 .

## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

### SOCIAL (CONT'D)

#### EMPLOYEES TRAINING AND DEVELOPMENT

We strongly believe that highly skilled and dedicated workforces are the key to creating values and achieving sustainable growth and success in long run. We always promote our conducive and knowledge sharing corporate culture amongst employees where we learn and grow together.

We support our people by providing continuous development opportunities to enhance and sharpen their knowledge and skills. Our training programs are structured in line with our Group’s business strategies while cater for the development needs of our employees. However, due to the restriction caused by various MCO, only 2 training programs for employees’ development were conducted in FYE2020: -

Date	Training Programs
10 December 2019 and 20 February 2020	Business Argument Skills for Human Resource Professional
26 to 27 August 2020	IMDG Code Training – General Awareness

#### CONTRIBUTION TO COMMUNITY

Giving back to our local community is part of our social responsibility. In FYE2020, we continue with our initiatives by making donation to orphanage.

On 24 December 2020, our Group has donated RM2.5 million to the Good Samaritan Home to build a new orphanage building to house more needy children within the community as the current orphanage building has limited space. There were also gift-giving and hearty Christmas lunch sessions organised during the same day for the enjoyment of the orphanage.



## CORPORATE RESPONSIBILITY AND SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

## EMPLOYEES ENGAGEMENT

We always cherish our people' contributions to the Group. In general, we provide the following benefits to our employees according to their respective job grade and/ or years of service: -

<ul style="list-style-type: none"> <li>▪ Annual leave</li> <li>▪ Medical leave</li> <li>▪ Maternity leave</li> <li>▪ Marriage leave</li> <li>▪ Paternity leave</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compassionate leave</li> <li>▪ Prolonged illness leave</li> <li>▪ Professional membership sponsorship</li> <li>▪ Mileage claims</li> </ul>	<ul style="list-style-type: none"> <li>▪ Board and lodging claims</li> <li>▪ Medical benefits</li> <li>▪ Personal accident insurance policy</li> <li>▪ Medical card</li> </ul>
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Apart from the abovementioned benefits, our employees are also entitled to free Covid-19 testing and interest-free staff loan. These initiatives are offered to support our employees at all times.

In Hextar, we work together as a big family. In FYE2020, we have organised the following activities and events to engage and stimulate bonding amongst our people: -

## Durian Festival 2020



*Yay, it's durian season! We enjoyed the king of fruit together. The durian was just nice and tasty!*

## Orientation



*We welcomed our new employees onboard with the Company's orientation. Several sections and activities were conducted to build up the bonding amongst employees.*

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) by Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” (Para. 32) and made in accordance with the recommendations of the Malaysian Code of Corporate Governance (“MCCG”), the Board of Directors (“Board”) is pleased to present this Statement on Risk Management and Internal Control to provide a better elaboration on the Group’s risk management and internal control systems.

The Board of Hextar Global Berhad (“Hextar” or “the Company”) recognises its collective responsibility to ensure that sound and effective risk management and internal control systems are in place within the management system of Hextar and its subsidiaries (“the Group”).

## BOARD’S RESPONSIBILITIES

In discharging the responsibility of maintaining sound risk management and internal control systems, the Board is committed to review the adequacy and integrity of the internal control systems on the Company and the Group. With the assistance from our Audit Committee (“AC”) and Risk Management Committee (“RMC”), the Board identifies major risks, implements an appropriate control environment and framework and regularly evaluates its operational effectiveness and efficiency in order to safeguard our shareholders’ investments as well as the Group’s assets.

The Board reviews the continuous process in identifying, evaluating and managing the principal risks within the Group and such process is derived from the followings: -

- (i) Receive regular and comprehensive information is provided by the Management through regular meetings and visits to each operating unit, concerning financial performance and key business indicators;
- (ii) Deliberate quarterly financial results against budgets;
- (iii) Construct financial and operational performance analysis and benchmark such analysis with the Group’s business objectives and targets;
- (iv) Review periodic management reports in relation to the adequacy and effectiveness of the Group’s risk management and internal control systems in all material aspects; and
- (v) Maintain a high level of professionalism and competence of human resources through careful recruitment process, continuous training and re-skilling programmes as well as a proper appraisal system.

The Board believes that the risk management and internal control systems within the Group are being properly implemented and monitored. The Board strives to maintain and improve such systems to protect our shareholders’ investment and the Group’s assets.

## INTERNAL CONTROL SYSTEMS

In the Group, internal control systems play a crucial role by covering financial controls, operational and compliance control as well as risk management. It is in place to meet the Group’s requirements and expectations, identify risk exposures and manage such risks as well as to ensure the adherence with all applicable laws, rules, regulations, directions and guidelines. Nonetheless, due to the limitation of any internal control systems, such systems are designed to manage, rather than to eliminate the risks of not complying with the Group’s policies, goals and objectives. Therefore, our internal control systems are only able to provide reasonable assurance, but not absolute assurance against material misstatement, fraud or loss. For better discharging the responsibilities, the Board may delegate the duties of monitoring the internal control systems to the Management and exercise control through organisational structure with clearly defined roles, authority and responsibility levels and appropriate reporting procedures.

Based on the Internal Auditor’s reports, there is a reasonable assurance that the Group’s internal control systems as a whole are adequate and satisfactory. Minor internal control weaknesses were identified during the financial year under review, all of which have been, or are being, addressed and improved accordingly. None of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 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 Controller Financial Officer that, to the best of their knowledge, the risk management and internal control systems of the Group are adequate and effective, in all material aspects, based on the risk management and internal control frameworks adopted by the Group.

### INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to a professional firm, Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.), who shall assist the Board and AC to provide independent assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. During FYE 2020, the Internal Auditors have reported to AC that they have not identified any circumstances that reflects major deficiencies in our systems. Only minor weaknesses are identified to improve and enhance the Group's operations so as to achieve a higher standard of efficiency and competency.

During FYE 2020, the internal auditor has conducted internal control reviews on machinery maintenance review, credit control review, payment function review and review of Anti-Bribery and Corruption Policy. The total professional fees paid to the outsourced Internal Auditors for FYE 2020 amounted to RM48,000.

On 23 November 2020, the AC conducted an annual assessment on suitability and performance of the Internal Auditors. The assessment has included several considerations, including the adequacy and resources of the Internal Auditors, the quality control processes, the professional staff assigned to the audit engagements, the independence and objectivity of the Internal Auditors, the discussion on audit scope, plan and fees as well as the communication from the Internal Auditors.

The Management also provided feedback in relation to the Internal Auditor's performance. The AC was of the view that the performance of the outsourced Internal Auditors was satisfactory and had recommended their re-engagement to the Board for the ensuing year. The Board has approved such recommendation at the Board meeting on 23 November 2020.

### RISK MANAGEMENT FUNCTION

Risk management involves the process of understanding, analysing and addressing risks. The risk management is firmly embedded in the Group's management system to serve the following functions:



#### UNDERSTAND



#### ANALYSE



#### ADDRESS

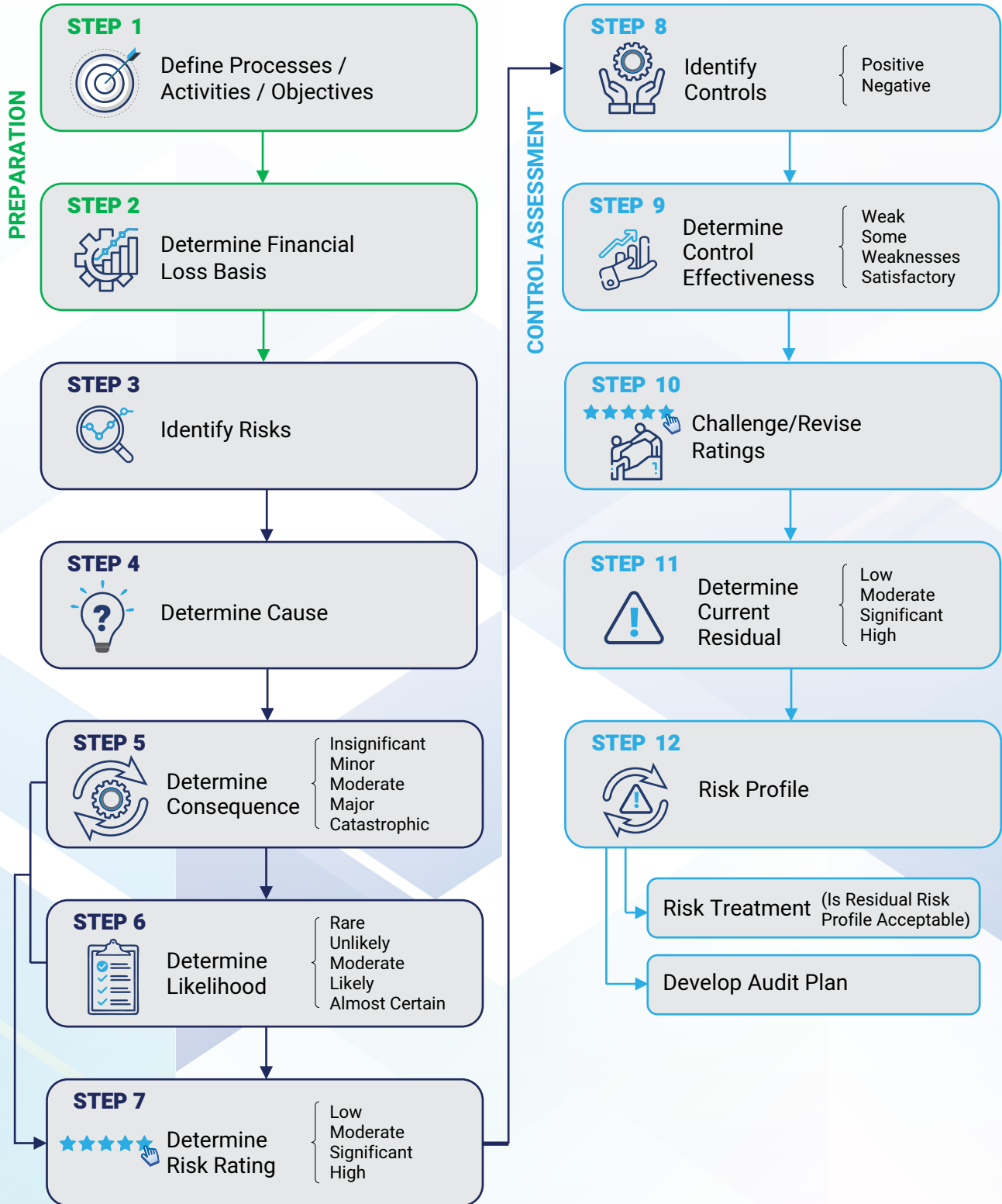
- (i) Supports the fulfilment of the Group's strategic objectives;
- (ii) Optimise business opportunities and the returns to the Group, and protect the interests of various stakeholders, including shareholders, customers and employees, within acceptable level of risks;
- (iii) Promote and embrace education and Risk Assurance Culture;
- (iv) Improve customer service whilst at the same time minimise risk exposure;
- (v) Safeguard the Group's assets and maintain its reputation and brand values;
- (vi) 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; and
- (vii) Compliance to the Group's policies, regulations and statutory requirements, including timely reporting of performance.

The Board has established and placed a risk governance framework across the Group. The Board is also assisted by the RMC to review and assess the framework and risk management process in terms of their adequacy and effectiveness. The Board receives formal feedback on the adequacy of the risk management function on half yearly basis.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Framework of Risk Management Assessment



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Identification and Evaluation Process

The risks are identified through a series of discussions and deliberations with the key personnel and the Management of the Group. The identified risks are then incorporated into a Business Risk Profile which states the relevant details such as nature of the risk as well as the severity and probability of the risk occurrence.

The risk identification has taken both internal and external environmental factors into consideration. External factors include political, economic, social technological, legal and environment changes. On the other hand, internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures within the Group.

### Risk Adopting and Monitoring Process

The Business Risk Profile, which incorporated all risks identified, is to be updated on an ongoing basis and approved by the Board. Such profile acts as an instrument for our heads of departments or business units to manage the key risks which are applicable in their areas of business activities on a continual basis.

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

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to Paragraph 15.23 of MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control ("the Statement") for inclusion in the Annual Report FYE 2020. Their review was performed in line with the 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. The External Auditors have 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 Practises 9.1 and 9.2 of the MCCG 2017 to be set out, nor the Statement is factually inaccurate.

### CONCLUSION

For the FYE 2020, the Board is of the view that the Group's risk management and internal control systems are sound and sufficient to safeguard our shareholders' investments, stakeholders' interests as well as the Group's assets. There were no significant control deficiencies, material weaknesses or adverse compliance events which have directly resulted in any material loss to the Group. The Board is committed to continue in strengthening the Group's risk management and internal control systems in this ever changing and challenging business environment.

This statement is made in accordance with the resolution of the Board of Directors on 29 March 2021.

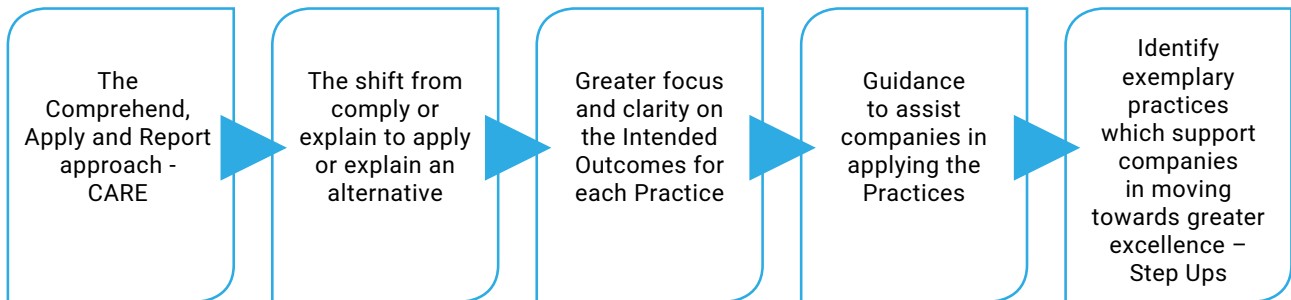
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Hextar Global Berhad (“Hextar” or “the Company”) acknowledges the significance of a sound corporate governance. High quality of corporate governance and business ethics are upheld at all times with Hextar and its subsidiaries (“the Group”) in transparent and virtuous manners.

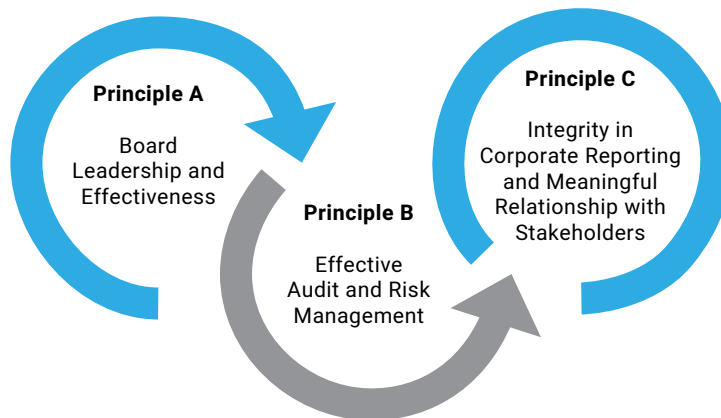
This Corporate Governance Overview Statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and is to be read together with the Corporate Governance Report (“CG Report”) of the Company for the FYE 2020. The Board presents this statement to provide an insight on the corporate governance practices of the Company under the continuous management of the Board. This statement also outlines how the Board discharges its roles and responsibilities in structuring a sustainable business to achieve the long-term strategic goals and values of the Company as well as to create and protect various stakeholders’ value in a sustainable way.

The Board is pleased to set out below the manner by which the Company currently comprehends the main principle of good governance and the extent to which it has applied and reported best practices prescribed under the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) for the FYE 2020.

To promote a greater internalisation of corporate governance culture, the five (5) key features of MCCG 2017 are illustrated as follows and the Company comprehends on these approaches and will attempt to apply and report it accordingly with our best efforts: -



There are three (3) key principles indicated in MCCG 2017 to advocate a sound corporate governance: -



The ensuing paragraphs describe the details of the Company in complying and applying with all the principles and practices of MCCG 2017 during FYE 2020. The Board has also set out specific disclosures and detailed application for every practice in our CG Report 2020. The CG Report is announced together with this Annual Report and is made available on the Company’s website at <http://www.hextarglobal.com>. Shareholders are advised to read this statement together with the CG Report 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### PART I – BOARD RESPONSIBILITIES

##### 1. Board Responsibilities and Company Goals

###### 1.1 Strategic Goals, Values and Standards of the Company

The Board has the ultimate responsibility to oversee the Group's overall business conduct on behalf of the shareholders to ensure that necessary resources are appropriately in place. When shaping the Group's strategic direction, long-term values and standards, the Board takes the various stakeholders' interests into consideration to ensure that the Group's obligations to its shareholders and other stakeholders are understood and met. The Board also regularly supervise and monitor the performance of the management of the Group ("Management") to ensure that business is being properly conducted and all strategic initiatives are implemented effectively.

Executive Directors ("ED") are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management of the Group in managing the business activities of Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group. The ED holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives.

On the other hand, all the Independent Non-Executive Directors play the key role in providing independent views, advice and contributing their knowledge and experience in relation to the direction, strategies, plans and performances of the Group.

In order to discharge its duties and functions effectively, the Board has delegated certain responsibilities to the following committees ("Committees"):

- (i) Audit Committee ("AC")
- (ii) Risk Management Committee ("RMC")
- (iii) Nomination Committee ("NC")
- (iv) Remuneration Committee ("RC")

This delegation of responsibilities enables proper check and balances in discharging the Board's oversight function. The roles and responsibilities delegated to the Committees are set out in each Committee's Terms of Reference as approved by the Board and made available at the Company's website at <http://www.hextarglobal.com/investor-relations>.

###### 1.2 The Chairman

The Chairman of the Board, Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, holds an Independent Non-Executive position and is responsible for the effectiveness of the Board as well as the overall performance of the Group.

The Chairman is committed to ensure the right composition of the Board for instilling smoothness and effectiveness of the Board. He also ensures that all relevant issues are properly addressed during the Board meetings and the Chairman therefore, in consultation with ED and/or senior management and the company secretary, sets and approves the agenda of Board meetings. In addition, he shall ensure all Directors to participate in the Board's activities. He thereby ensures that the Board receives all relevant and timely information as well as advice from the Management and/or independent advisors in order for all Directors to make sound and informed decisions. By holding the independent position, the Chairman ensures that ED provides a true, fair and full account of the condition and state of the Group's businesses, operations and cash flows.

The roles and responsibilities of the Chairman can be found in the Board Charter which is available on the Company's website at <http://www.hextarglobal.com/about-us/board-charter>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

##### 1. Board Responsibilities and Company Goals (Cont'd)

###### 1.3 Separation of Roles Between the Chairman and ED

The positions for the Chairman of the Board and ED are held by different individuals where the Chairman is Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir and the ED are Y.Bhg Dato' Ong Choo Meng and Madam Lee Chooi Keng.

The Board is guided by the Board Charter and the Limits of Authority ("LOA") which clearly defined the matters responsible by the Board and the delegated daily operation management by ED. The LOA has outlined the clear division of responsibilities and the specific parameters in which decisions can be made to ensure the balance of control, power and authority. The LOA is also published to the senior management team.

The Independent Non-Executive Chairman is primarily responsible to lead the Board in its collective oversight of management and ensure the effectiveness of the Board. Meanwhile, the ED are accountable for developing and implementing corporate strategies after obtaining approval from the Board. The ED also oversee and monitor the day-to-day operations of every business division to ensure the compliance with all applicable laws and regulations as well as the effectiveness in achieving strategic goals. The performance of each business division shall be reported to the Board on quarterly basis. ED shall also assess to all potential business opportunities for the benefits of the Group. If any material or other relevant matters are detected, ED are responsible to bring attention to the Board for further discussion and decision making.

The separation of roles and responsibilities between the Chairman and ED can be referred to the Board Charter, which is available at the Company's website at <http://www.hextarglobal.com/about-us/board-charter>.

###### 1.4 Qualified and Competent Company Secretaries

The Board is currently supported by three (3) qualified and competent Company Secretaries. All Company Secretaries are qualified as per Section 235(2)(a) of the Companies Act 2016.

The Company Secretaries play an essential role in advising the Board in relation to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation along with the principles of best corporate governance practices. The Company Secretaries also provide guidance to the Board on the contents and timing of material announcements to be made to Bursa Securities.

All Directors have full and unrestricted access to the advice and services of the Company Secretary for discharging their duties and responsibilities effectively. The Company Secretaries shall ensure that the Board policies and procedures are followed and reviewed periodically, and also to ensure that all Directors recognise their duties, responsibilities and powers.

During the financial year under review, the Company Secretaries had discharged their duties and responsibilities accordingly and the Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their duties. The Company Secretaries had and will continue to keep themselves abreast of the evolving regulatory changes and developments in corporate governance practices through continuous training and industry updates.

###### 1.5 Access to Sufficient Information and Support

The Board meetings are conducted periodically to undertake regular review on the Group's performance. In order to facilitate the Board meetings, the meetings are scheduled at the beginning of the financial year to reserve every Director's dates for the Company. The agenda for every Board meeting are also circulated in advance. To ensure that sufficient time are provided for all Board members to review and deliberate on matters to be discussed, the relevant agenda and Board papers are delivered to the Board at only certain agenda business days before the date of the meeting. The Board papers include reports on the Company's financial, operational and corporate development. In order to secure the confidentiality, the Board papers on issues or corporate proposals which are deemed highly confidential would only be distributed or shared at the meeting itself.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

#### 1. Board Responsibilities and Company Goals (Cont'd)

##### 1.5 Access to Sufficient Information and Support (Cont'd)

For every scheduled meeting, all Directors are provided with detailed reports and supporting documents from the Management regarding the financial performance of the Company and every business division, investments and strategic involvements prior to the meeting. This arrangement enables our Directors to have sufficient time for review and consideration and to assist them in making well-informed decisions. Senior management employees are also invited to the Board meetings to brief the Board on respective business divisions within their responsibilities and to provide business insights to our Board members or to clarify the matters tabled or raised by the Board. External professional advisors are also invited to provide insights and professional views, advice and explanation on specific items on the meeting agenda, if required.

All matters raised, including discussion, deliberations, decisions and conclusions were recorded in the minutes of meetings. The meetings minutes, together with the decisions made by way of Directors' written resolutions, shall be circulated to the Board timely and accordingly.

The Board obtains full and unrestricted access to all information pertaining to the business and affairs within the Group, whether as a full Board or in their individual capacity, which is important for them to discharge of their duties and responsibilities. The Board members may also require for independent professional advice at the Company's expense in furtherance of their duties.

During FYE 2020, the Board held a total of five (5) meetings. Special Board meetings were convened to consider urgent proposals or matters requiring the Board expeditious consideration. There were also decisions taken by way of Directors' written resolutions.

#### 2. Demarcation of Responsibilities

##### 2.1 Board Charter

As part of the governance process, the Board has formalised and adopted a Board Charter which serves as a primary reference for the Directors. The Board Charter has clearly set out the roles, powers, duties and functions of the Board. The relevant processes and procedures adopted are also stated in the Board Charter to ensure that the Board and Board Committees are able to discharge their duties effectively. The Board has also established a formal schedule of matters reserved to the Board for its deliberation and decision so as to enhance the segregation of duties between the Board and the Management.

The Board Charter comprises the following areas: -

- (i) Composition of the Board, including size, nominations, appointments, re-election and annual performance evaluation of the Board;
- (ii) Roles and responsibilities of the Board, Director, Board Committees as well as the separation of roles between Chairman and the ED;
- (iii) Board processes, including Board meetings, access to Management and independent advisors, Directors' training and remuneration;
- (iv) Code of conduct; and
- (v) Review of the Board Charter.

A copy of the Board Charter is available at the Company's website at <http://www.hextarglobal.com/about-us/board-charter>.

##### 2.2 Issues and Decision Reserved for the Board

To further enhance our corporate governance, Mr. Yeoh Chin Hoe has been appointed as the Company's Senior Independent Director ("SID") since Year 2017. The SID acts as the intermediary between the Independent Directors and the Chairman on matters that may be deemed sensitive and acts as an alternative channel for shareholders and stakeholders to communicate and raise their concerns.

The SID is appointed as the Chairman of the Whistleblowing Committee. Hence, all relevant queries and concerns shall be directed to SID by the SID's email address at [whistleblower@hextar.com](mailto:whistleblower@hextar.com).

The roles of the SID are stated in the Board Charter, which can be found on the Company's website. During FYE 2020, there is no query/concern raised or communicated with the SID.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

### 3. Ethical Business Conduct and Healthy Corporate Culture

#### 3.1 Corporate Code of Conduct and Ethics

##### The Group's Code of Conduct and Ethics

The Group has adopted a Corporate Code of Conduct and Ethics ("the Code") which provide a guidance on the business ethics standards and a responsible business conduct expected from the Board and employees. The Code is established in accordance with the Code of Conduct and Ethics which published by the Companies Commission of Malaysia. The Code covers several principles including honesty, integrity, responsibility and corporate responsibility in an effort to uphold ethical business conduct.

The Code outlines all aspects of the Group's business operations, which include: -

- (i) Roles and responsibilities in adherence to the Code;
- (ii) Compliance to laws, rules and regulations;
- (iii) Conflict of interest;
- (iv) Insider trading;
- (v) Anti-corruption and fraud;
- (vi) Confidentiality;
- (vii) Company's relationship with shareholders, employees, customers, suppliers and business partners;
- (viii) Whistle blowing; and
- (ix) Corporate disclosure.

The Code is published on the Company's website at <http://www.hextarglobal.com/investor-relations>. In addition to the abovementioned Code, all employees are also guided by the Group's vision and mission which are embedded in our strategic goals and objectives in the long run.

##### The Board's Code of Conduct and Ethics

Aside from the Code integrated across the Group, the Code of Conduct and Ethics for Directors has also been established within the Board. Such Code of Conduct and Ethics specifies the good business conduct and ethical behaviour for all Directors in performing their fiduciary duties. The major areas covered by the Code of Conduct and Ethics include the compliance with the Code and Board Charter, acting in the best interest of the Group, protection of the Group's business interests and conflict of interest.

The Code of Conduct and Ethics for Directors is covered in the Board Charter, which is accessible at the Company's website.

#### 3.2 Whistle Blowing Policy

The Group has implemented a Whistle Blowing Policy to provide a clear line of communication and reporting procedures for employees and stakeholders at all levels to raise any concern and disclose potential/known fraud.

With the Whistle Blowing Policy, all employees and stakeholders are able to voice concerns freely in relation to any malpractice or illegal conduct at the earliest opportunity without the fear of discriminatory treatment. Any concern or report will be directed to the Chairman of the Whistleblowing Committee, Mr. Yeoh Chin Hoe, who is also the SID of the Group. All reports received will be investigated independently to ensure the objectivity and appropriateness in addressing legitimate concerns raised.

The Board shall review the Whistle Blowing Policy periodically to ensure that it is current and relevant. The Whistle Blowing Policy is made available to all employees and stakeholders, which can be obtained from the Company's website at <http://www.hextarglobal.com/investor-relations>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – BOARD RESPONSIBILITIES (CONT'D)

#### 3. Ethical Business Conduct and Healthy Corporate Culture (Cont'd)

##### 3.3 Anti-Bribery and Corruption Policy

An Anti-Bribery and Corruption (“ABC”) Policy has been duly approved by the Board and adopted across the Group. ABC Policy adopted is in line with the enforcement of the new provision of the Malaysian Government on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACCA”) on 1 June 2020, which imposes liability on a commercial organisation for corruption committed by persons associated with the commercial organisation. This policy seeks to provide guidance to the Parties on the procedures in line with the applicable laws and regulations in Malaysia, to prevent bribery and corruption from occurring in all activities that may arise during the course of doing business.

The ABC Policy is made available to all employees and stakeholders, which can be obtained from the Company’s website at <http://www.hextarglobal.com/investor-relations>.

#### PART II – BOARD COMPOSITION

#### 4. Objectivity of the Board

##### 4.1 Board Composition

Hextar has a diversified Board which consists of six (6) members, comprising an Independent Non-Executive Chairman, a Non-Independent Non-Executive Vice Chairman, two (2) Non-Independent Executive Directors and two (2) Independent Non-Executive Directors including a SID. The current Board composition fulfils the requirement of Practice 4.1 of MCCG which indicates that at least half of the Board comprises Independent Directors.

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

The details of profiles for all Directors are set out in the Board of Directors’ Profile within this Annual Report.

##### 4.2 Tenure of Independent Directors

The requirement of Practice 4.2 of MCCG states that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years’ term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director’s re-designation as a Non-Independent Non-Executive Director.

If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years term, it should justify and seeks annual shareholders’ approval while if the Board continues to retain the Independent Non-Executive Director beyond twelve (12) years’ term, the Board should seek annual shareholders’ approval through a two-tier voting process.

Currently, none of the Independent Directors have served the Group for a cumulative term of nine (9) years.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART II – BOARD COMPOSITION (CONT'D)

#### 4. Objectivity of the Board (Cont'd)

##### 4.3 Policy of Independent Directors' Tenure

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

##### 4.4 Diversity of the Board and Senior Management

The profile of the Board and key senior management team can be found under the Board of Directors' profile and key senior management's profile within this Annual Report. The appointment of our Board and key senior management are based on the competency of the candidates', skills, character, commitment, knowledge, experience, age, gender and other factors which is in the best interests of our Group.

To uphold the diversity principle for our Group's sustainable growth and succession, annual analysis is conducted by the Management on the total workforce of the Group by age, gender and ethnicity as shown in the Sustainability Statement in this Annual Report.

##### 4.5 Gender Diversity

The Board is supportive of gender diversity and currently the Board comprises one (1) female Director, which represents 16.67% of the entire Board members. The Board through the Nomination Committee shall consider gender diversity as part of its criteria in its future selection and shall look into increasing female Board representation in future.

##### 4.6 New Candidates for Board Appointment

The Board is mindful of the significance of succession planning to the Group which includes appointing, training, fixing the compensation and replacing ED and the Management, where appropriate. The possibility of replacing ED and the Management will be addressed when necessary.

The Nomination Committee ("NC") carries the responsibility for a viable succession planning for the Board and Key Senior Management of the Company. The NC regularly monitors the performance of the Board and reviews and evaluates suitable potential candidates to fill in any gaps therein. The Board and NC will not hesitate to utilise independent resources to identify for suitable candidates, where applicable.

##### 4.7 Nomination Committee

The NC is accountable to oversee the matters related to the balance composition of the Board, the appointment of Directors, re-election or re-appointment the Board and Board Committees, review of the Board's performance and access of Directors' training.

The current NC is exclusively comprising of Independent Directors as follows: -

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART II – BOARD COMPOSITION (CONT'D)

#### 4. Objectivity of the Board (Cont'd)

##### 4.7 Nomination Committee (Cont'd)

As per stated in the Terms of Reference, the principal functions and responsibilities of the NC include: -

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) Evaluate on an annual basis the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each Director; and
- (vi) Assess the training needs of each Director.

During FYE 2020, the NC met two (2) times and reported the following to the Board : -

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

#### 5. Overall Board Effectiveness

##### 5.1 Annual Evaluation

The Board is required to meet on a minimum of quarterly basis, additional as and when required. Generally, the agenda of the Board meetings includes discussion on previous meeting minutes, quarterly financial results of the Company and any other matters requiring for the Board's deliberation and approval. The agenda of every Board meetings is circulated to the Board in advance to ensure that all Directors obtain sufficient time for further clarification and consideration. The proceedings and resolutions concluded at every Board meeting are circulated in the meeting minutes and signed by the Chairman.

Aside from Board meetings, the Board exercises control on issues which require for the Board's deliberation and approval through Directors' Written Resolution.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE 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)

During the FYE 2020, the Board held five (5) meetings on 24 February 2020, 18 May 2020, 29 May 2020, 24 August 2020 and 23 November 2020. Details of the attendance of the Directors at the Board meetings are as follows: -

Directors	Total Meeting Attended	%
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir ( <i>Chairman</i> )	5/5	100
Y.Bhg Dato' Ong Soon Ho	5/5	100
Y.Bhg Dato' Ong Choo Meng	5/5	100
Lee Chooi Keng (f)	5/5	100
Yeoh Chin Hoe	5/5	100
Liew Jee Min @ Chong Jee Min	5/5	100

On the other hand, the details of attendance record for each Board Committees' Meetings held in FYE 2020 are shown as follows: -

##### Audit Committee

During FYE 2020, the AC held five (5) meetings on 24 February 2020, 18 May 2020, 29 May 2020, 24 August 2020 and 23 November 2020. Details of the attendance record for each Committee member are as follows: -

Directors	Total Meeting Attended	%
Yeoh Chin Hoe ( <i>Chairman</i> )	5/5	100
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	5/5	100
Liew Jee Min @ Chong Jee Min	5/5	100

##### Nomination Committee

During FYE 2020, the NC held two (2) meetings on 24 February 2020 and 23 November 2020. Details of the attendance record for each Committee member are as follows: -

Directors	Total Meeting Attended	%
Liew Jee Min @ Chong Jee Min ( <i>Chairman</i> )	2/2	100
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	2/2	100
Yeoh Chin Hoe	2/2	100

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE 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

During FYE 2020, the RC held one (1) meeting on 24 February 2020. Details of the attendance record for each Committee member are as follows: -

Directors	Total Meeting Attended	%
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir ( <i>Chairman</i> )	1/1	100
Yeoh Chin Hoe	1/1	100
Liew Jee Min @ Chong Jee Min	1/1	100

Risk Management Committee

During FYE 2020, the RMC held two (2) meetings on 24 February 2020 and 24 August 2020. Details of the attendance record for each Committee member are as follows: -

Directors	Total Meeting Attended	%
Lee Chooi Keng ( <i>Chairman</i> )	2/2	100
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	2/2	100
Yeoh Chin Hoe	2/2	100

The Company Secretaries assist to monitor the limitation on directorships as per MMLR prescribed by Bursa Securities. Upon the appointment or resignation of the Directors, as the case may be, the Directors shall notify the Company Secretaries in relation to their directorships in other companies for disclosure to the Board at Board meetings.

Prior to accepting invitation for appointments to other boards in other companies, all Directors shall discuss the matter with the Chairman. The Board acknowledges the benefits of broader exposure to other boards which able to enhance the Director's experience and knowledge. Therefore, Directors are at liberty to accept other board invitations on the premise of such appointments are not in conflict with the Company's business and do not bring adverse effect to the Director's performance as the member of the Board in the Company.

The Chairman will review the said Director's attendance record and his/her time commitment to the Company's Board and Board Committee meetings. The Chairman will then discuss with the said Director regarding his invitation to sit on another board and on conclusion would agree/disagree with the Director in relation to such invitation.

All Board members have attended the Mandatory Accreditation Programme as stipulated in the Paragraph 15.08 and Practice Note 5 in MMLR.

The Board has assumed the role of determining and overseeing the training needs of all Directors. The Directors are encouraged to attend continuous training to keep abreast with the latest developments in laws, regulations and the business environment to enhance their professionalism in discharging their duties. The Company Secretaries will also provide updates to the Directors periodically with regards to the relevant changes in regulatory guidelines and statutory requirements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE 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)

During FYE 2020, the Directors have attended the following trainings, with details shown as follows: -

Directors	Training/Courses Attended	Date
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	12 Nov 2020
	Temporary Measures for Reducing the Impact of Covid-19 Act 2020	14 Nov 2020
Y.Bhg Dato' Ong Soon Ho	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	12 Nov 2020
Y.Bhg Dato' Ong Choo Meng	Transfer Pricing on Intra-Group Services	12 May 2020
	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	Tax Budget 2021: A Budget for the New Normal	16 Nov 2020
Lee Chooi Keng	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	12 Nov 2020
Yeoh Chin Hoe	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	12 Nov 2020
Liew Jee Min @ Chong Jee Min	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	20 Jul 2020
	ACI Virtual Roundtable 2020 – ESG Perspective: Managing Recovery and Resilience	12 Nov 2020

According to the assessment conducted for FYE 2020, the Board and the NC are satisfied with the current size, composition and well-balanced mix of individuals with necessary skills, qualifications, experience and credibility amongst the Board. The Board is also satisfied with the Directors' commitment towards fulfilling their duties and responsibilities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

## PART III – REMUNERATION

## 6. Remuneration

## 6.1 Remuneration Policy

The Board has adopted a remuneration policy in fair and transparent manners to support and motivate our Directors and Senior Management Team and drive the Company's long-term objectives. The RC is tasked with the responsibility to evaluate, deliberate and recommend to the Board a remuneration policy for all Directors and Senior Management Team that is fairly guided by market norms and industry practice. The RC also recommends all Directors and Senior Management Team remunerations and benefits based on their individual performances and that of the Group. The current Board Remuneration was approved by our shareholders at the 29<sup>th</sup> AGM of the Company held on 24 August 2020.

## 6.2 Remuneration Committee

The RC comprises of three (3) Independent Non-Executive Directors, with the responsibilities of setting and reviewing an appropriate remuneration policy of the Group. The present members of the RC are as follows: -

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

For the FYE 2020, our RC met once on 24 February 2020 and all the RC members have attended the meeting.

## 7. Remuneration of Directors and Senior Management

## 7.1 Directors' Remuneration

The detailed disclosure on named basis for our Directors' remuneration in FYE 2020 is shown as follows: -

Directors	The Company		The Group			
	Director Fee (RM)	Meeting Allowance (RM)	Salary (RM)	Bonus (RM)	Benefit-in-Kind (RM)	Company Contribution (RM)
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	66,000	5,000	-	-	-	-
Y.Bhg Dato' Ong Soon Ho	48,000	5,000	-	-	-	-
Y.Bhg Dato' Ong Choo Meng	-	-	594,000	99,000	28,000	84,079
Lee Chooi Keng	-	-	493,200	88,200	-	23,849
Yeoh Chin Hoe	54,000	5,000	-	-	-	-
Liew Jee Min @ Chong Jee Min	48,000	5,000	-	-	-	-
<b>Total</b>	<b>216,000</b>	<b>20,000</b>	<b>1,087,200</b>	<b>187,200</b>	<b>28,000</b>	<b>107,928</b>

The Directors' fees are subject to shareholders' approval on the forthcoming AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART III – REMUNERATION (CONT'D)

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

##### 7.2 Remuneration of Senior Management

The remuneration packages structured for our Group's Senior Management have taken several factors into consideration, which include individual responsibilities, skills, expertise and contributions towards the Group's performance. The RC has also considered whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain right executive talents.

The Board has not disclosed on a named basis of the top five (5) Senior Management's remuneration in bands of 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 for the Group's business.

The further details of our explanation for the departure of Practice 7.2 are disclosed in the CG Report 2020.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – AUDIT COMMITTEE

#### 8. Effective and Independent Audit Committee

##### 8.1 The Chairman of Audit Committee

The AC is chaired by Mr. Yeoh Chin Hoe, a Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board, Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir.

##### 8.2 Former Key Audit Partner

The AC has in place a policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of AC. Such policy is stated in the Terms of Reference of AC, which is published at the Company's website in Corporate Governance under Policy Disclosures at <http://www.hextarglobal.com/investor-relations>.

None of our current Board members were former key audit partners and the Directors do not foresee any new appointment of former key audit partner to the Board.

##### 8.3 Assessment of External Auditors

With the efforts from the AC, the Company has established a transparent and appropriate relationship with the Company's External Auditors. The External Auditors will highlight to the AC and the Board on matters requiring the Board's attention.

The External Auditors are mainly responsible for the audit-related services to the Company. Due to the familiarity of the Company, the External Auditors also render non-audit services including regulatory reviews and reporting and other services.

During FYE 2020, the details of the fees paid/payable to the External Auditors for the provision of statutory audit and non-audit related services are as follows: -

Fees Paid/Payable to External Auditors	The Company (RM)	The Group (RM)
Statutory Audit Service	43,000	302,523
Non-audit Service	49,000	167,000
Total	92,000	469,523

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – AUDIT COMMITTEE (CONT'D)

#### 8. Effective and Independent Audit Committee (Cont'd)

##### 8.3 Assessment of External Auditors (Cont'd)

The AC obtains the explicit power to have direct communication with the External Auditors in seeking professional advice and ensuring compliance with applicable approved financial reporting standards in Malaysia. A summary of the activities undertaken by AC in FYE 2020 can be referred to the AC Report in this Annual Report.

In assessing the suitability, objectivity and independence of the External Auditors, the AC has established the Audit Independence Policy where the annual assessment shall be conducted based on the following four (4) key areas: -

- (i) Quality of service;
- (ii) Sufficiency of resources;
- (iii) Communication and interaction; and
- (iv) Independence, objectivity and professional scepticism.

The Audit Independence Policy is accessible on the Company's website at <http://www.hextarglobal.com/investor-relations>. The AC has also obtained a written assurance from the External Auditors for confirming their independence throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annual assessment on the performance and suitability of the External Auditors is conducted by the AC and the AC is satisfied with competence and independence of the External Auditors during FYE 2020. The AC has recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors for the financial year ending 31 December 2021. Such re-appointment will be presented on the forthcoming 30th AGM to seek for shareholders' approval.

##### 8.4 Audit Committee

Our AC comprises solely of Independent Directors, which shown as follows: -

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

##### 8.5 Financial Literacy of the Audit Committee Members

Mr. Yeoh Chin Hoe, the Chairman of AC, is a Fellow of The Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Mr. Liew Jee Min @ Chong Jee Min has established the firm J.M. Chong, Vincent Chee & Co. and has been practicing law, concentrating on banking, property and corporate matters since 1986.

Although only one-third ( $\frac{1}{3}$ ) of the AC is a member of professional accounting bodies, the other two (2) AC members keep abreast of the latest developments in accounting and auditing standards, practices and rules through the updates from our External Auditors. All AC members recognise the importance to undertake relevant continuous professional development in line with the changing business and accounting environment.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – AUDIT COMMITTEE (CONT'D)

#### 9. Proper Risk Management and Internal Control

##### 9.1 Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility on maintaining a sound risk management framework and internal control system in order to safeguard and protect our shareholders' investments and the Company's assets.

The Company has implemented an on-going process for identifying, evaluating and managing significant risks which may bring material effects to the Company. A set of Standard Operating Procedures ("SOP") has also been in place to ensure smooth proceeding in the internal control system across the Group.

The Board is supported by the AC and RMC in reviewing the key risks identified on a regular basis to ensure proper risk management and to mitigate any weaknesses in the control environment. Further detailed information is stated in the Statement on Risk Management and Internal Control in this Annual Report.

##### 9.2 Adequacy and Effectiveness of Risk Management and Internal Control Framework

In order to ensure the adequacy and effectiveness of our risk management, all business divisions are required to understand and implement the risk management policy and procedures. Aside from risk management framework, all employees are obligated to comply with our SOPs to ensure a functional execution of the internal control system. The details for the key features of our risk management and internal control framework are further elaborated in the Statement on Risk Management and Internal Control within this Annual Report.

During FYE 2020, by taking into consideration the assurance provided from the Management, the Board is of the opinion that the Group's risk management and internal control system is adequate and effective to protect the interests of our shareholders and the Group's assets.

##### 9.3 Risk Management Committee

The Board has established a RMC which comprises a majority of Independent Directors. The present composition of the RMC is as follows: -

Designation	Name	Directorship
Chairman	Lee Chooi Keng	Non-Independent Executive Director
Member	Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Chairman
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director

#### 10. Effective Governance and Internal Control

##### 10.1 Internal Audit Function

The Board is mindful that a sound system of internal control and governance process is essential towards the Group's long-term succession planning and strategic goals.

The Group has outsourced the internal audit function to a professional firm, Eco Asia Governance Advisory Sdn. Bhd. (f.k.a Eco Asia Advisory Sdn. Bhd.). The Internal Auditors appointed are free from any relationships or conflict of interest with the Group. This enables the internal audit team to perform their engagement independently, objectively and proficiently.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART I – AUDIT COMMITTEE (CONT'D)

#### 10. Effective Governance and Internal Control (Cont'd)

##### 10.1 Internal Audit Function (Cont'd)

The AC possesses full and unrestricted access to all information and resources which are required to perform the internal audit function. Our outsourced Internal Auditors reports directly to the AC on the internal audit findings and relevant recommendations. The summary of internal audit activities is set out in the AC Report of this Annual Report.

To ensure the effectiveness of our internal audit function, such function is carried out in accordance with a recognised International Professional Practices Framework (“IPPF”). The details of our internal control system and IPPF are further elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

The professional fee payable to the outsourced Internal Auditors for the FYE 2020 is RM48,000.

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

#### 11. Continuous Communication Between the Company and Stakeholders

##### 11.1 Stakeholders Engagement

The Company is mindful of the significance of keeping our shareholders informed in relation to the Company's business and corporate developments. A regular communication and engagement enables our shareholders to receive the latest updates and make informed decisions.

Our shareholders are kept abreast with all important and material developments of the Group through regular and timely dissemination of information via the following channels: -

- (i) Quarterly financial announcements;
- (ii) Annual report;
- (iii) Various announcements made through Bursa Securities' website;
- (iv) AGM and Extraordinary General Meeting (“EGM”); and
- (v) Press release

The Company has also developed an investor relations programme on the Company's website at <http://www.hextarglobal.com/investor-relations>. This investor relations programme acts as an avenue for information, including financial reports, Company's announcements and the corporate and governance structure of the Company. The website content is continuously updated to ensure that the information contained within is current and correct.

##### 11.2 Annual Report

The Group prepares annual report in a prescribed manner to provide comprehensive information comprising financial information, corporate governance and sustainability statements for our shareholders. The annual report is able to deliver our message and provide insights with regards to our Group's strategic direction, business performance, corporate governance as well as sustainability measures.

This Annual Report 2020 has been prepared in line with the Malaysian Financial Reporting Standards, MMLR and the Companies Act 2016.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### PART II – CONDUCT OF GENERAL MEETINGS

##### 12. AGM

###### 12.1 Notice of AGM

AGM is one of the primary platforms to have direct communication with our shareholders. The Notice of 30th AGM will be circulated at least twenty-eight (28) days prior to the actual AGM date. This is to ensure that our shareholders have sufficient time to peruse the annual report and papers supporting the resolutions proposed so as to facilitate their decision making. The explanatory notes on the proposed resolutions are provided to assist shareholders in resolutions voting.

###### 12.2 Directors' Attendance

The Board attaches great importance to the AGM. All six (6) Directors had attended the 29th AGM and will endeavour to attend the 30th AGM. Among all Directors, four (4) Directors who are the Chair of AC, NC, RC and RMC had provided meaningful response to questions addressed to them.

The External Auditors are also invited to present at the AGM to provide their professional and independent opinions to any audit-related queries raised by the shareholders, if any.

###### 12.3 Encourage Shareholder Participation at General Meetings

The Board fully recognises the shareholders' rights and encourages them to exercise their rights for participating, voicing and voting in the AGM.

In the AGM, the Board will present a summary review on the Group's progress and activities. Shareholders are given opportunity to raise their concerns regarding the operations, financial and business progress and any other relevant matters as well as to participate in the question-and-answer session on the Group's results.

Pursuant to the MMLR of Bursa Securities, any resolution set out in the notice of general meetings, 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. Shareholders are also encouraged to participate in the voting ensuing the Board's presentation and question-and-answer session. 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 general meeting.

### OTHER INFORMATION

#### Related Party Transactions

At the 29<sup>th</sup> AGM held on 24 August 2020, 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 36(b) to the financial statements.

### COMPLIANCE STATEMENT

Saved as disclosed above, this Corporate Governance Overview Statement is made in compliance with Paragraph 15.08A and 15.25 of MMLR. The statement was approved by the Board on 29 March 2021.

# AUDIT COMMITTEE REPORT

## 1. COMPOSITION

As at 31 December 2020, the Audit Committee ("AC") comprises three (3) Independent Directors: -

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

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

## 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 ("MIA") or possessing such financial related qualification or experience as required by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (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 judgement, 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.

## AUDIT COMMITTEE REPORT

### 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: -

- (i) Evaluate the quality of audits performed by the internal auditors ("IA") and external auditors ("EA");
- (ii) Provide assurance that the financial information presented by Management is relevant, reliable and timely;
- (iii) Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (iv) 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: -

- (i) 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;
- (ii) To annual assess and report to the Board on the independence of the EA, obtaining from the EA their assurance on their independence and confirmation of their continued registration with the Audit Oversight Board;
- (iii) 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;
- (iv) 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;
- (v) 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.
- (vi) 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);
- (vii) 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;
- (viii) To review and ensure that the system of internal controls is sound, adequate and in place, effectively administered and regularly monitored;
- (ix) To review the Group's management information systems including systems for compliance with applicable laws, directives and guidelines;
- (x) 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;

## AUDIT COMMITTEE REPORT

### 2. TERMS OF REFERENCE (CONT'D)

#### 2.3 Duties and Responsibilities (Cont'd)

- (xi) 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 cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (xii) To review any related party and conflict of interest transactions proposed to be entered into by the Group;
- (xiii) 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;
- (xiv) 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;
- (xv) To consider the major findings of internal investigations and Management's response;
- (xvi) 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);
- (xvii) 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;
- (xviii) 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;
- (xix) To prepare the annual AC report to the Board for inclusion in the Annual Report;
- (xx) To review the Board's statement in compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;
- (xxi) To consider other topics as defined by the Board;
- (xxii) To consider and examine such other matters as the AC considers appropriate; and
- (xxiii) To assess the suitability, objectivity & independence of the EA with the formalisation of Audit Independence Policy when deemed necessary.

## AUDIT COMMITTEE REPORT

### 2. TERMS OF REFERENCE (CONT'D)

#### 2.4 Authority

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

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) Have direct communication channels with the EA and person(s) carrying out the internal audit function or activity (if any); and
- (v) 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 Securities.

#### 2.5 Meetings and Minutes

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Notice of AC meetings shall be given to the AC members unless the AC waives such requirement.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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.

## AUDIT COMMITTEE REPORT

### 3. SUMMARY OF ACTIVITIES CARRIED OUT BY AC

During the financial year 2020, the AC held five (5) meetings on 24 February 2020, 18 May 2020, 29 May 2020, 24 August 2020 and 23 November 2020. Details of the attendance record for each Committee member are as follows: -

Directors	Meeting Attendance
Yeoh Chin Hoe (Chairman)	5/5
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	5/5
Liew Jee Min @ Chong Jee Min	5/5

The presence of our EA and/or IA at the AC meetings shall be requested upon invitation by the AC Chairman. During the financial year 2020, the Management and IA were invited to attend four (4) of the AC meetings to assist in clarifying matters raised at the meetings. Our EA were present at AC meetings to assist in the discussion regarding statutory audit of the Group's annual financial statements.

After AC meetings, the AC Chairman reports to the Board on matters deliberated together with the recommendations made by the AC.

In line with the Terms of Reference, the AC has carried out the following activities during the financial year under review to discharge their duties and responsibilities: -

#### (i) Financial Reporting

- (a) Reviewed the quarterly financial results of the Group and relevant announcement to Bursa Securities prior to recommending the same to the Board for its approval. All the quarterly financial results were reviewed to ensure the financial reporting is in compliance with: -
  - Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting; and
  - Appendix 9B of Main Market Listing Requirements ("MMLR") as prescribed by Bursa Securities.
- (b) Reviewed the annual audited financial statements of the Group prior to submission the same to the Board for approval. The review serves the same function to ensure that the financial reporting and disclosure requirements are in accordance with: -
  - MMLR;
  - Provisions of the Companies Act 2016;
  - MFRS;
  - Applicable Internal Financial Reporting Standards ("IFRS"); and
  - Other relevant legal and regulatory requirements.

#### (ii) Risk Management and Internal Control

- (a) Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks on a regular and timely manner that will allow the Group to mitigate losses;
- (b) Assessed the systems processes, policy and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (c) Reviewed the system of internal control to ensure that they are in place, effectively administered and regularly monitored;
- (d) Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors;
- (e) Reviewed the updates on the risk profile and summary of risk presented by the Risk Management Committee ; and
- (f) Highlighted to the Board of Directors any significant new risks which had come to its attention from the internal audit report which are sufficient importance to warrant the attention of the Board.



## AUDIT COMMITTEE REPORT

### 3. SUMMARY OF ACTIVITIES CARRIED OUT BY AC (CONT'D)

#### (iii) Internal Audit

- (a) Reviewed the internal audit plan concerning the audit methodology in assessing and rating the auditable areas based on a risk-based approach;
- (b) Reviewed the effectiveness of the audit process, resource requirements during the financial year and performance of the outsourced professional IA, Eco Asia Governance Advisory Sdn. Bhd. (f.k.a Eco Asia Advisory Sdn. Bhd.) on quarterly basis;
- (c) Reviewed the internal audit reports, findings and recommendations of the outsourced IA to ensure that appropriate actions were taken to improve the Group's internal control system;
- (d) Reviewed any matters relating to the appointment of the outsourced IA; and
- (e) Reviewed any related party, recurrent related party or conflict of interest transactions that may arise within the Group.

#### (iv) External Audit

- (a) Reviewed the EA's audit scope and audit plan for FYE 2020 and their proposed fees for the statutory audit and reviewed the Statement on Risk Management and Internal Control and AC Report with EA on 23 November 2020;
- (b) Reviewed the audit report and areas of concern highlighted in the Audit Review, including management's response to the EA's findings on 22 February 2021;
- (c) Discussed with EA on the material accounting and audit issues as well as the impact of proposed changes in accounting standards applicable to the Group;
- (d) Assessed the suitability, independence and objectivity of the EA during the financial year under review in performing the statutory audit engagement. The assessment conducted by AC has taken several factors into consideration, including experience, competency, resources of the firm and staff assigned, non-audit fees and tenure of engaging partner. The AC also obtained the written assurance from the EA on their independence and the ethical requirements have been complied with;
- (e) Assessed the performance of EA and made recommendations to the Board on their re-appointment; and
- (f) Deliberated and recommended the continuation with EA based on results presented, comparable experience, technical knowledge, time commitment, size of firm, performance and capability.

#### (v) Other Activities

During financial year 2020, the AC has also discharged their duties and responsibilities by discussing and reviewing the following matters: -

- (a) The Corporate Governance Overview Statement, AC 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;
- (b) Unusual transactions including related party transactions;
- (c) Recurrent related party transactions on quarterly basis;
- (d) The Audit Review Memorandum of the EA for the FYE 2020;
- (e) Findings of the annual assessment on the Company's auditors;

## AUDIT COMMITTEE REPORT

### 3. SUMMARY OF ACTIVITIES CARRIED OUT BY AC (CONT'D)

#### (v) Other Activities (Cont'd)

- (f) The draft audited financial statements for the Company and its subsidiaries for the FYE 2020 and recommended the same to the Board for its approval;
- (g) Report of enterprise Risk Management and Internal Audit Plan of the IA;
- (h) The Audit Planning Memorandum of the EA; and
- (i) Performance of the IA and EA.

### 4. INTERNAL AUDIT FUNCTION

The Group'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 shall require the prior approval from the AC.

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

The IA adopted a risk-based approach in the planning and conduct of audit engagements which is in line with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. The internal audit engagements executed and reported during the financial year 2020 are listed as below: -

Quarter	Function / Entities
Q1/2020	Machinery Maintenance Review – Hextar Chemicals Sdn Bhd
Q2/2020	Credit Control Review – Hextar Chemicals Sdn Bhd
Q3/2020	Payment Function Review – Hextar Chemicals Sdn Bhd
Q4/2020	Anti-Bribery and Corruption Review – Hextar Global Berhad

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

The professional fee incurred on the Group's internal audit function for the FYE 2020 amounted to RM48,000.

This report has been reviewed by the AC and approved by the Board on 29 March 2021.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The Directors are responsible to ensure that the financial statements give a true and fair view of the affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

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

- (i) Adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- (ii) Made judgements and estimates where needed are made on reasonably with prudence; and
- (iii) Prepared the financial statements on a going concern basis.

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

The Directors are also responsible to ensure that the Group and the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure the financial statements comply with the Companies Act 2016.

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

# ADDITIONAL COMPLIANCE INFORMATION

In compliance with Paragraph 9.25 of the MMLR by Bursa Securities, the following additional information is provided:-

## 1. SHARE BUY-BACK

At the previous AGM held on 24 August 2020, the Company obtained a mandate from its shareholders for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital by utilising the funds allocated which shall not exceed the retained profits of the Company upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company.

During the financial year 2020, the Company has allocated RM7,706,033.54 for the share buy-back with a total of 14,290,500 shares purchased. On 6 August 2020, the Company resold all 14,318,000 treasury shares and received a total consideration of RM10,265,594.77.

## 2. OPTIONS OR CONVERTIBLE SECURITIES

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

## 3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year under review.

## 4. SANCTION AND/OR PENALTY

There was no sanction and/or penalty imposed on the Group, Directors or Management by the regulatory bodies for the financial year under review.

## 5. AUDIT AND NON-AUDIT FEES

For the FYE 2020, the amount of audit and non-audit fees paid or payable for services rendered to the Group by the Company's External Auditors and its affiliated companies are as follows: -

	The Company (RM)	The Group (RM)
Audit Fees	43,000	302,523
Non-audit Fees	49,000	167,000
Total	92,000	469,523

## 6. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

On 5 November 2020, the Company had fully satisfied the terms of the Shares Sale Agreement entered by the Company for the acquisition of a total of 1,155,000 ordinary shares representing 55% of the issued and paid-up capital of Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) ("HBEE") for a total cash purchase consideration of RM7,750,000.

Save as disclosed above, there were no other 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 2020 or entered into since the end of the previous financial year.

# 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 2020.

## Principal Activities

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

## Results

	Group RM	Company RM
Profit after taxation for the financial year	44,483,579	41,759,494
Attributable to:-		
Owners of the Company	44,535,760	41,759,494
Non-controlling interests	(52,181)	-
	44,483,579	41,759,494

## Dividends

On 26 March 2020, the Company paid a second interim dividend of 0.8 sen per ordinary share amounting to RM6,521,840 in respect of the financial year ended 31 December 2019.

On 23 June 2020, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM8,063,616 in respect of the financial year ended 31 December 2020.

On 28 September 2020, the Company paid a second interim dividend of 1.2 sen per ordinary share amounting to RM9,848,155 in respect of the financial year ended 31 December 2020.

On 28 December 2020, the Company paid a third interim dividend of 1.0 sen per ordinary share amounting to RM8,206,796 in respect of the financial year ended 31 December 2020.

On 22 February 2021, the Company declared a fourth interim dividend of 0.8 sen per ordinary share amounting to approximately RM6,565,437 in respect of the financial year ended 31 December 2020, payable on 26 March 2021, to shareholders whose name appeared in the record of depositors on 10 March 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

## Reserves and Provisions

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

## Issue of Shares and Debentures

During the financial year:-

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

## DIRECTORS' REPORT

### Treasury Shares

During the financial year, the Company purchased 14,290,500 of its issued ordinary shares from the open market at an average price of RM0.54 per share. The total consideration paid for the purchase was RM7,706,521 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

During the financial year, the Company sold its entire 14,318,000 treasury shares held in the open market at an average price of RM0.72 per share. The details of the treasury shares are disclosed in Note 19 to the financial statements.

### Options Granted Over Unissued Shares

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

### Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

### Current Assets

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

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

### Valuation Methods

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

### Contingent and Other Liabilities

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

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

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

## DIRECTORS' REPORT

### Change of Circumstances

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

### Items of an Unusual Nature

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

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

### Directors

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

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

Chen Sen Loon  
 Khoo Hoe Hin  
 Lian Dazhi  
 Lim Eng Bee  
 Lin Swee Sang  
 Lo Ngen Loi (Appointed on 9.9.2020)  
 Mohd Hanafi Bin Idris  
 Teh Li King  
 Yam Jia Fuh

### 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 1.1.2020	Bought/Allotted	Sold	At 31.12.2020
<b>The Company</b>				
<i>Direct interest:-</i>				
Dato' Ong Choo Meng	37,100,000	3,838,500	(9,700,000)	31,238,500
Lee Chooi Keng	-	1,180,000	-	1,180,000
<i>Indirect interest*:-</i>				
Dato' Ong Choo Meng	540,758,264	-	(64,000,000)	476,758,264
Dato' Ong Soon Ho	540,758,264	-	(64,000,000)	476,758,264

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

## DIRECTORS' REPORT

### Directors' Interests (Cont'd)

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

The other directors holding office at the end of the financial year 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 36(b) to the financial statements.

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

### Directors' Remuneration

The details of the directors' remuneration paid or payable to the Directors of the Company during the financial year are disclosed in Note 36(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 RM20,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### Subsidiaries

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

### Significant Events During the Financial Year

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

### Significant Events Occurring After the Reporting Period

The significant events occurring after the reporting period are disclosed in Note 41 to the financial statements.

### Holding Company

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



## DIRECTORS' REPORT

### Auditors

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

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed in accordance with a resolution of the Directors dated 29 March 2021

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DATO' ONG CHOO MENG

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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 78 to 155 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 2020 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 March 2021

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DATO' ONG CHOO MENG

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LEE CHOOI KENG

# STATUTORY DECLARATION

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

I, Phan Nee Chin, MIA Membership Number: 28178, being the officer primarily responsible for the financial management of Hextar Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 155 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 this 29 March 2021    )

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PHAN NEE CHIN

Before me,

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COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF HEXTAR GLOBAL BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Hextar Global Berhad, which comprise the statements of financial position as at 31 December 2020 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 78 to 155.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<b>Recoverability of trade receivables</b>	
Refer to Notes 11 and 39.1(b)(iii) to the financial statements	
<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 31 December 2020, trade receivables that were past due and not impaired amounted to RM27,211,147. The details of trade receivables and its credit risks are disclosed in Note 39.1(b)(iii) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> <li>• specific known facts or circumstances on customers' ability to pay; and/or</li> <li>• by reference to past default experiences</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed and understand the management's assessment of recoverability of major trade receivables;</li> <li>• Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments;</li> <li>• Obtained confirmation from major trade receivables on outstanding balances as at the reporting date;</li> <li>• Reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections;</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXTAR GLOBAL BERHAD

### 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):-

<b>Recoverability of trade receivables (Cont'd)</b> Refer to Notes 11 and 39.1(b)(iii) to the financial statements	
<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>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.</p> <p>The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection.</p> <p>We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Enquired management on receivables status for major customers;</li> <li>• Reviewed collections and sales trends during the financial year of major trade receivables; and/or</li> <li>• Reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.</li> </ul>
<b>Obsolete and slow moving inventories</b> Refer to Note 13 to the financial statements	
<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The carrying amount of inventories held by the Group as at the reporting date amounted to RM81,117,669. This represents 38% and 26% of current assets and total assets of the Group, respectively.</p> <p>We focused on this area as determination of obsolete and slow moving inventories involves management's judgement.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Assessed the basis used by management to determine the impairment loss on inventories;</li> <li>• Compared net realisable value to cost of inventories at the reporting date to assess the reasonableness of inventories impairment; and</li> <li>• Performed ageing test on inventories.</li> </ul>
<b>Impairment of goodwill</b> Refer to Note 10 to the financial statements	
<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The carrying amount of goodwill of the Group as at the end of the reporting period amounted to RM13,335,888. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.</p> <p>We determined this to be a key audit matter as impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc..</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Evaluated whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances;</li> <li>• Made enquiries of and challenging management on the key assumptions and inputs used in the measurement method;</li> <li>• Evaluated whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.; and</li> <li>• Performed stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.</li> </ul>

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXTAR GLOBAL BERHAD**

### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

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

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

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

### **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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEXTAR GLOBAL BERHAD

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

### 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

Shah Alam

7 April 2021

**Ong Beng Chooi**  
03155/05/2021 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AT 31 DECEMBER 2020

	Note	2020 RM	Group 2019 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	41,393,295	45,542,372
Investment properties	6	9,733,444	5,249,000
Investment in a joint venture	8	3,512,897	2,935,873
Right-of-use assets	9	20,161,535	18,839,364
Investment in club membership, at cost		47,389	73,952
Intangible assets	10	14,136,456	8,656,165
Trade receivables	11	19,553	-
Prepayment	12	2,244,175	2,871,531
		91,248,744	84,168,257
<b>CURRENT ASSETS</b>			
Inventories	13	81,117,669	79,190,179
Trade receivables	11	102,799,756	124,833,049
Other receivables, deposits and prepayments	12	8,394,983	5,963,076
Amount due from related companies	14	5,615,610	2,318,769
Current tax assets		243,322	454,216
Deposits with licensed banks	15	120,007	115,886
Cash and bank balances		17,204,528	29,434,691
		215,495,875	242,309,866
Asset classified as held for sale	16	310,000	30,843,750
<b>TOTAL ASSETS</b>		<b>307,054,619</b>	<b>357,321,873</b>

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

## STATEMENTS OF FINANCIAL POSITION

### AT 31 DECEMBER 2020

	Note	2020 RM	Group 2019 RM
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	169,912,728	169,912,728
Revaluation reserve	18	7,404,577	7,503,766
Exchange reserve	18	125	(100)
Retained profits		22,477,399	7,923,808
Equity attributable to owners of the Company		199,794,829	185,340,202
Non-controlling interests		1,471,913	-
<b>TOTAL EQUITY</b>		<b>201,266,742</b>	<b>185,340,202</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	20	2,222,597	928,182
Term loans	21	9,658,392	12,719,458
Deferred tax liabilities	22	7,256,583	9,532,955
		19,137,572	23,180,595
<b>CURRENT LIABILITIES</b>			
Trade payables	23	24,835,049	27,452,248
Other payables, deposits received and accruals	24	7,127,045	6,761,397
Provision		-	39,006
Amount due to related companies	14	4,900	46,156
Amount due to a joint venture	25	1,238,313	821,383
Lease liabilities	20	824,131	528,951
Term loans	21	3,168,496	23,796,957
Bills payable	27	33,018,266	86,433,098
Revolving credit	28	10,000,000	-
Current tax liabilities		6,434,105	2,921,880
		86,650,305	148,801,076
<b>TOTAL LIABILITIES</b>		<b>105,787,877</b>	<b>171,981,671</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>307,054,619</b>	<b>357,321,873</b>

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



## STATEMENTS OF FINANCIAL POSITION

### AT 31 DECEMBER 2020

	Note	Company 2020 RM	2019 RM
<b>ASSETS</b>			
NON-CURRENT ASSET			
Investment in subsidiaries	7	623,193,668	616,362,975
CURRENT ASSETS			
Other receivables, deposits and prepayments	12	33,772	53,651
Amount due from subsidiaries	26	27,422,523	25,411,143
Dividend receivable		13,800,000	12,500,000
Cash and bank balances		783,876	39,525
		42,040,171	38,004,319
<b>TOTAL ASSETS</b>		<b>665,233,839</b>	<b>654,367,294</b>
<b>EQUITY AND LIABILITY</b>			
EQUITY			
Share capital	17	633,878,029	633,878,029
Treasury shares	19	-	(17,997)
Retained profits		24,628,654	12,968,515
<b>TOTAL EQUITY</b>		<b>658,506,683</b>	<b>646,828,547</b>
CURRENT LIABILITIES			
Other payables and accruals	24	75,272	57,031
Amount due to subsidiaries	26	6,623,884	7,481,716
Current tax liabilities		28,000	-
		6,727,156	7,538,747
<b>TOTAL LIABILITY</b>		<b>6,727,156</b>	<b>7,538,747</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>665,233,839</b>	<b>654,367,294</b>

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 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	29	418,642,497	337,277,779	45,200,000	46,500,000
Cost of sales		(327,614,039)	(271,508,219)	-	-
Gross profit		91,028,458	65,769,560	45,200,000	46,500,000
Other income		3,196,820	4,132,028	116,235	1,135
Selling and marketing expenses		(9,582,277)	(8,825,599)	-	-
Administrative expenses		(19,989,728)	(19,365,516)	(1,258,042)	(1,664,009)
Other expenses		(4,851,012)	(25,872,122)	(2,270,429)	(1,480,693)
Finance costs		(3,338,479)	(4,324,497)	-	-
Net impairment losses on financial assets	30	(352,702)	(755,208)	-	-
Share of profit of a joint venture, net of tax	8	577,024	423,020	-	-
Profit before taxation	30	56,688,104	11,181,666	41,787,764	43,356,433
Income tax expense	31	(12,204,525)	(8,758,625)	(28,270)	-
Profit after taxation		44,483,579	2,423,041	41,759,494	43,356,433

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 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Other comprehensive income/(expenses):-	32				
<u>Items that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences		225	(100)	-	-
Total other comprehensive income/(expenses)		225	(100)	-	-
Total comprehensive income for the financial year		44,483,804	2,422,941	41,759,494	43,356,433
Profit/(Loss) after taxation attributable to:-					
Owners of the Company		44,535,760	2,423,041	41,759,494	43,356,433
Non-controlling interests		(52,181)	-	-	-
		44,483,579	2,423,041	41,759,494	43,356,433
Total comprehensive income/ (expenses) attributable to:-					
Owners of the Company		44,535,985	2,422,941	41,759,494	43,356,433
Non-controlling interests		(52,181)	-	-	-
		44,483,804	2,422,941	41,759,494	43,356,433
Earnings per share (sen)	33				
Basic		5.48	0.31		
Diluted		5.48	0.31		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	← Non-Distributable →			Distributable	
	Share Capital RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits RM	Total Equity RM
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 differences	-	(100)	-	-	(100)
Total 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	85,837,725	-	-	-	85,837,725
- dividends	-	-	-	(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.

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	← Non-Distributable → Distributable				Attributable to Owners of the Company		Non-controlling interests	Total Equity
		Share Capital	Treasury Shares	Foreign Exchange Translation Reserve	Revaluation Reserve	Retained Profits	Company		
		RM	RM	RM	RM	RM	RM	RM	
Balance at 1 January 2020		169,912,728	-	(100)	7,503,766	7,923,808	185,340,202	-	185,340,202
Profit/(Loss) after taxation for the financial year		-	-	-	-	44,535,760	44,535,760	(52,181)	44,483,579
Other comprehensive income for the financial year		-	-	225	-	-	225	-	225
- Foreign currency translation differences		-	-	225	-	-	225	-	225
Total comprehensive income/(expenses) for the financial year		-	-	225	-	44,535,760	44,535,985	(52,181)	44,483,804
Contributions by and distributions to owners of the Company:									
- acquisition of a subsidiary	7	-	-	-	-	-	-	1,524,094	1,524,094
- purchase of treasury shares	19	-	(7,706,521)	-	-	-	(7,706,521)	-	(7,706,521)
- treasury shares sold	19	-	7,706,521	-	-	2,559,049	10,265,570	-	10,265,570
- dividends	34	-	-	-	-	(32,640,407)	(32,640,407)	-	(32,640,407)
Total transactions with owners		-	-	-	-	(30,081,358)	(30,081,358)	1,524,094	(28,557,264)
Realisation of revaluation reserve		-	-	-	(99,189)	99,189	-	-	-
Balance at 31 December 2020		169,912,728	-	125	7,404,577	22,477,399	199,794,829	1,471,913	201,266,742

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

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Note	Share Capital RM	Treasury Shares RM	Distributable (Accumulated Losses) /Retained Profits RM	Total Equity RM
Balance at 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	17	578,890,447	-	-	578,890,447
- dividends		-	-	(29,379,343)	(29,379,343)
Total transactions with owners		578,890,447	-	(29,379,343)	549,511,104
Balance at 31 December 2019/ 1 January 2020		633,878,029	(17,997)	12,968,515	646,828,547
Profit after taxation/Total comprehensive income for the financial year		-	-	41,759,494	41,759,494
Contributions by and distribution to owners of the Company:					
- purchase of treasury shares	19	-	(7,706,521)	-	(7,706,521)
- treasury shares sold	19	-	7,724,518	2,541,052	10,265,570
- dividends	34	-	-	(32,640,407)	(32,640,407)
Total transactions with owners		-	17,997	(30,099,355)	(30,081,358)
Balance at 31 December 2020		633,878,029	-	24,628,654	658,506,683

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Note	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit before taxation	56,688,104	11,181,666	41,787,764	43,356,433
Adjustments for:-				
Amortisation of investment in club membership	563	563	-	-
Amortisation of product development expenditure	419,385	370,549	-	-
Amortisation of trademark	1,903	-	-	-
Bad debts written off	180,548	-	-	-
Deposit written off	2,000	-	-	-
Depreciation of property, plant and equipment	2,605,269	1,382,503	-	-
Depreciation of right-of-use assets	869,944	710,850	-	-
Depreciation of non-current asset held for sale	-	156,250	-	-
Impairment losses on:				
- amount due from a subsidiary	-	-	1,251,122	-
- investment in a subsidiary	-	-	1,019,307	1,480,693
- goodwill	-	23,986,801	-	-
- trade receivables	707,536	957,901	-	-
Interest expense on lease liabilities	83,511	55,972	-	-
Inventories written down	31,783	329,750	-	-
Investment in club membership written off	26,000	-	-	-
Loss on disposal of non-current asset held for sale	843,750	-	-	-
Other interest expense	3,254,968	4,268,525	-	-
Plant and equipment written off	427	-	-	-
Bad debt recovered	-	(20,875)	-	-
Dividend income	-	-	(45,200,000)	(46,500,000)
Gain on disposal of property, plant and equipment	(88,851)	(538,056)	-	-
Gain on forward currency contracts	-	(121,145)	-	-
Interest income	(438,209)	(271,030)	(116,235)	(1,135)
Reversal on impairment losses on trade receivables	(535,382)	(202,693)	-	-
Unrealised loss/(gain) on foreign exchange	712,070	(567,277)	-	-
Write back of inventories	(963,523)	(94,945)	-	-
Share of profit of a joint venture	(577,024)	(423,020)	-	-
Operating profit/(loss) before working capital changes, carried forward	63,824,772	41,162,289	(1,258,042)	(1,664,009)

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

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Operating profit/(loss) before working capital changes, brought forward		63,824,772	41,162,289	(1,258,042)	(1,664,009)
Changes in working capital:-					
Inventories		(995,750)	11,983,694	-	-
Receivables		19,706,849	3,437,543	19,879	3,791
Payables		(3,061,582)	1,405,714	18,241	(218,922)
Related companies		(3,338,097)	(12,066,003)	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>76,136,192</b>	<b>45,923,237</b>	<b>(1,219,922)</b>	<b>(1,879,140)</b>
Interest paid	35(c)	(3,338,479)	(4,324,497)	-	-
Income tax paid		(10,744,402)	(6,408,652)	(270)	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>62,053,311</b>	<b>35,190,088</b>	<b>(1,220,192)</b>	<b>(1,879,140)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	7(b)	(5,269,686)	7,737,183	(7,750,000)	-
Addition of intangible assets		(14,361)	(503,114)	-	-
Addition to right-of-use assets	35(a)	(74,034)	(272,470)	-	-
Advances to subsidiaries		-	-	(3,262,502)	(10,108,588)
Capital reduction in a subsidiary		-	-	-	11,382,694
Decrease in pledged fixed deposits with licensed banks		75,032	-	-	-
Dividend received		-	-	43,900,000	34,000,000
Interest received		438,209	271,030	116,235	1,135
Placement of deposits with licensed banks		(4,121)	(73,458)	-	-
Proceeds from disposal of:					
- property, plant and equipment		90,750	540,000	-	-
- non-current asset held for sale		30,000,000	-	-	-
Purchase of property, plant and equipment		(1,392,352)	(3,199,786)	-	-
Repayment from related companies		-	1,000,000	-	-
Subscription of shares in a subsidiary		-	-	(100,000)	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>23,849,437</b>	<b>5,499,385</b>	<b>32,903,733</b>	<b>35,275,241</b>

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



## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM					
FINANCING ACTIVITIES					
Dividend paid		(32,640,407)	(29,379,343)	(32,640,407)	(29,379,343)
Drawdown of revolving credit	35(c)	10,000,000	-	-	-
Proceeds from sale of treasury shares		10,265,570	-	10,265,570	-
Purchase of treasury shares		(7,706,521)	-	(7,706,521)	-
Repayment of lease liabilities	35(c)	(535,989)	(401,127)	-	-
Drawdown of term loans	35(c)	-	859,932	-	-
Repayment of term loans	35(c)	(23,689,527)	(5,194,808)	-	-
Repayment to related companies		-	(127,649)	-	-
Repayment to subsidiaries		-	-	(857,832)	(4,034,347)
Net (repayment)/drawdown of bills payable	35(c)	(53,907,350)	9,109,075	-	-
NET CASH FOR FINANCING ACTIVITIES		(98,214,224)	(25,133,920)	(30,939,190)	(33,413,690)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(12,311,476)	15,555,553	744,351	(17,589)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION					
		156,345	(100)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		29,434,691	13,879,238	39,525	57,114
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	35(d)	17,279,560	29,434,691	783,876	39,525

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 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 March 2021.

### Holding Company

The holding company is Hextar Holdings Sdn. Bhd., a company 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 other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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.

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

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

	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

## NOTES TO THE FINANCIAL STATEMENTS

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### 3. Basis of Preparation (Cont'd)

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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

### 4. Significant Accounting Policies

- 4.1 Critical accounting estimates and judgements

#### *Key sources of estimation uncertainty*

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

- (i) Impairment of goodwill

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

- (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.1 Critical accounting estimates and judgements (Cont'd)

###### *Key sources of estimation uncertainty (Cont'd)*

###### (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 (including changes in the customer payment profile in response to the COVID-19 pandemic) 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 11 to the financial statements.

###### (v) Provisional goodwill

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

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

The provisional goodwill on acquisition of Hextar Biogas BEE Sdn Bhd and its subsidiary ("Biogas Group") of RM5,887,218 was arrived at the excess of cost of business combination over the carrying amount of the identified assets and liabilities as at the date of acquisition. The carrying amounts of the identified assets and liabilities are estimated to approximate its fair value as at the acquisition date as disclosed in Note 7(b) to the financial statements. The Group currently undertaking a purchase price allocation exercise to determine the fair values of identifiable assets and liabilities, to identify and measure intangible assets, if any.

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

###### *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:-

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. Significant Accounting Policies (Cont'd)

#### 4.1 Critical accounting estimates and judgements (Cont'd)

##### *Critical judgements made in applying accounting policies (Cont'd)*

##### (i) Lease terms

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

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

#### 4.2 Basis of consolidation

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

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

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

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

##### (i) Business combinations

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.2 Basis of consolidation (Cont'd)

###### (ii) Non-controlling interests

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

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

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

###### (iv) Reverse acquisition accounting

On 30 April 2019, 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 consolidated statements of financial position as at 1 January 2019 is that of HCL Group, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.2 Basis of consolidation (Cont'd)

##### (iv) Reverse acquisition accounting (Cont'd)

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 the Group as at 31 December 2019 refers to the statement of financial position of the Group and the Company as at 31 December 2019.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.4 Functional and foreign currencies

###### (i) Functional and presentation currency

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

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

###### (ii) Foreign currency transactions and balances

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

###### (iii) Foreign operations

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.5 Financial instruments

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

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

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.5 Financial instruments (Cont'd)

###### (i) Financial assets (Cont'd)

###### Equity instruments

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

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

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

###### (ii) Financial liabilities

###### (a) Other financial liabilities

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

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

###### (iii) Equity instruments

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

###### (a) Ordinary shares

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

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

###### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.5 Financial instruments (Cont'd)

##### (iv) Derecognition

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

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

##### (v) Financial guarantee contracts

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

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

#### 4.6 Investment in subsidiaries

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

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

#### 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 a joint venture.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.7 Joint arrangement (Cont'd)

###### (i) Joint Venture

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

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2020. 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 investment in a joint venture are recognised in profit or loss.

##### 4.8 Property, plant and equipment

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.8 Property, plant and equipment (Cont'd)

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%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

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

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.9 Investment properties (Cont'd)

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

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

##### 4.10 Product development expenditure

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

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

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

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

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

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

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.11 Leases (Cont'd)

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.

#### 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.

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).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.15 Impairment (Cont'd)

###### (i) Impairment of financial assets (Cont'd)

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.

##### 4.16 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 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 the expected amount of income tax recoverable or payable to the taxation authorities.

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

(ii) Deferred tax

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**4. Significant Accounting Policies (Cont'd)****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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 4. Significant Accounting Policies (Cont'd)

#### 4.23 Fair value measurements (Cont'd)

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

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

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) Construction contract

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for works performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 4. Significant Accounting Policies (Cont'd)

##### 4.24 Revenue from contracts with customers (Cont'd)

###### (ii) Construction contract (Cont'd)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balances is classified as contract liabilities.

###### (iii) Rendering of services

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

##### 4.25 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 5. Property, plant and equipment (Cont'd)

Group 2020	At 1.1.2020		Acquisition of a subsidiary		Disposal RM	Write off RM	Depreciation charge RM	Transfer from right-of- use assets RM	Transfer to investment properties RM	At 31.12.2020 RM	
	RM	RM	RM	RM							
<b>Carrying amount</b>											
Freehold land and buildings	15,968,330	-	-	214,350	-	-	(90,352)	-	(3,944,444)	12,147,884	
Leasehold buildings	20,102,754	-	-	-	-	-	(917,551)	-	-	19,185,203	
Building and structures	1,559,685	-	750,000	-	-	-	(56,205)	-	-	2,253,480	
Capital work-in-progress	3,165,914	355,868	-	(3,515,782)	-	-	-	-	-	6,000	
Renovation	1	-	70,545	-	-	-	(979)	-	-	69,567	
Forklift and motor vehicles	77,749	25,156	120,940	-	(1,899)	-	(48,469)	7,503	-	180,980	
Tools, equipment, furniture and fittings	543,016	342,965	61,620	3,301,432	-	(427)	(722,433)	-	-	3,526,173	
Factory equipment and machinery	4,124,923	668,363	2	-	-	-	(769,280)	-	-	4,024,008	
	45,542,372	1,392,352	1,003,107	-	(1,899)	(427)	(2,605,269)	7,503	(3,944,444)	41,393,295	
	←	1.1.2019	→								
Group 2019	As previously reported RM	As restated RM	As restated RM	Additions RM	Additions due to reverse acquisition RM	Reclassification RM	Disposals RM	Depreciation charge RM	Transfer from right- of-use assets RM	Transfer to asset classified held for sale RM	At 31.12.2019 RM
<b>Carrying amount</b>											
Freehold land and buildings	655,763	-	655,763	-	39,311,250	6,900,000	-	(54,933)	-	(30,843,750)	15,968,330
Leasehold 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	7,406,899	(7,100,551)	-	-	-	-	3,165,914
Renovation	-	-	-	-	1	-	-	-	-	-	1
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	4,202,559	190,207	509,582	-	(1,827)	(775,598)	-	-	4,124,923
	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

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2020

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

Group 2020	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Freehold land and buildings	-	12,298,623	(150,739)	-	12,147,884
Leasehold buildings	-	20,600,000	(1,414,797)	-	19,185,203
Building and structures	-	2,350,000	(96,520)	-	2,253,480
Capital work-in-progress	6,000	-	-	-	6,000
Renovation	508,994	-	(347,237)	(92,190)	69,567
Forklift and motor vehicles	2,904,127	-	(2,723,147)	-	180,980
Tools, equipment, furniture and fittings	12,383,238	-	(8,069,714)	(787,351)	3,526,173
Factory equipment and machinery	21,489,718	-	(15,403,683)	(2,062,027)	4,024,008
Bearer plant	611,796	-	(46,728)	(565,068)	-
	37,903,873	35,248,623	(28,252,565)	(3,506,636)	41,393,295

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	3,165,914	-	-	-	3,165,914
Renovation	383,899	-	(291,708)	(92,190)	1
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)	-
	35,596,598	38,284,274	(24,831,864)	(3,506,636)	45,542,372

(a) Assets pledged as security to financial institutions

The land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements are:-

	2020 RM	Group 2019 RM
Freehold land and buildings	7,019,492	10,900,000
Leasehold buildings	11,496,688	12,125,026
	18,516,180	23,025,026

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

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

## (b) Revaluation of land and buildings

In prior 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.

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:-

	2020 RM	Group 2019 RM
Freehold land and buildings	8,789,606	12,295,276
Leasehold buildings	13,251,868	13,524,235
Building and structures	2,186,065	1,692,166
	24,227,539	27,511,677

**6. Investment properties**

	2020 RM	Group 2019 RM
<i>Carrying amount</i>		
At 1 January	5,249,000	-
Acquisition of a subsidiary	850,000	-
Additions due to reverse acquisition	-	5,249,000
Transfer from property, plant and equipment	3,944,444	-
Transfer to asset classified as held for sale	(310,000)	-
At 31 December	9,733,444	5,249,000
Included in the above are:-		
Freehold land, at fair value	-	310,000
Freehold building, at fair value	850,000	-
Office premises, at fair value	3,944,444	-
Leasehold land and building, at fair value	4,939,000	4,939,000
	9,733,444	5,249,000

The office premises have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 6. Investment properties (Cont'd)

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

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

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

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

#### 7. Investment in subsidiaries

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost		
At 1 January	621,028,126	35,616,545
Addition during the financial year	7,850,000	596,794,275
Capital reduction in a subsidiary	-	(11,382,694)
	628,878,126	621,028,126
Less: Accumulated impairment losses	(5,684,458)	(4,665,151)
At 31 December	623,193,668	616,362,975

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
<b>Direct holding:</b>				
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	100	Investment holding



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 7. Investment in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
<b>Direct holding (Cont'd):</b>				
Hextar IOT Sdn. Bhd.	Malaysia	100	-	Marketing, distribution and supply consultancy and management services of smart agriculture products
Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.)	Malaysia	55	-	Providing services related to integrated process and system using biological green technology to produce methane gas or organic fertiliser and investment holding
<b>Indirect holding through Halex (M) Sdn. Bhd.:</b>				
Halex Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	Malaysia	100	100	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd. *	Singapore	100	100	Trading of fertilisers and agrochemicals. Did not trade since incorporation.
Halex Marketing Sdn. Bhd.	Malaysia	100	100	Trading of disposal healthcare products
Halex Biotechnologies Sdn. Bhd.	Malaysia	100	100	Horticulture and agro-biotechnology. Temporary ceased operations since the previous financial year.
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Indirect holding through Hextar Chemicals Limited:</b>				
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	Providing specialist services for product testing, research, development and product formulation registration

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 7. Investment in subsidiaries (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	
<b>Indirect holding through Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.):</b>				
Biogas Environmental Engineering Sdn. Bhd.	Malaysia	100	-	Engaged in the business of biological technology to process the waste material from palm oil processing mill or other industries to produce methane (biogas) or organic fertiliser

# - not required to be audited and consolidated using unaudited financial statements

\* - audited by other firm of chartered accountants

^ - wholly-owned subsidiaries of HCGSB

- (a) On 11 March 2020, the Company had incorporated a wholly-owned subsidiary known as Hextar IOT Sdn. Bhd. ("HIOT") with an issued and paid-up share capital of RM100. Subsequently, the Company increased the issued and paid up share capital to RM100,000.
- (b) On 5 November 2020, the Company had acquired 55% equity interests in Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) and its wholly-owned subsidiary ("Biogas Group"). The acquisition of Biogas Group is to enable the Group to further involve in the agriculture sector by providing solutions to the palm oil mill needs and bringing innovative solutions towards environment protections as the Group is able to possess the necessary technical support on this field.

The fair value of the identifiable assets and liabilities of Biogas Group as at the date of acquisition were:

	Group 2020 RM
Property, plant and equipment	1,003,107
Investment properties	850,000
Trade receivables	299
Other receivables, deposits and prepayments	102,094
Current tax assets	85,848
Cash and cash equivalents	2,480,314
Trade payables	(1,013,227)
Other payables and accruals	(49,087)
Deferred tax liabilities	(72,472)
Fair value of net identifiable assets acquired	3,386,876
Non-controlling interests measured at the non-controlling interests' proportionate share of the fair value of the net identifiable assets	(1,524,094)
Goodwill arising from the acquisition	5,887,218
Total consideration for the acquisition	7,750,000

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 7. Investment in subsidiaries (Cont'd)

- (b) The fair value of the identifiable assets and liabilities of Biogas Group as at the date of acquisition were (Cont'd):

Effect of the acquisition on cash flows

	<b>Group 2020 RM</b>	<b>Company 2020 RM</b>
Consideration settled in cash	7,750,000	7,750,000
Less: Cash and cash equivalents acquired	(2,480,314)	-
<b>Net cash outflow from the acquisition</b>	<b>5,269,686</b>	<b>7,750,000</b>

Acquisition-related costs

The Group has incurred acquisition-related costs of RM79,125 related to external legal fees and due diligence costs. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of Biogas Group are provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM5,887,218. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

Impact of the acquisition on the Group's results

Since the date of acquisition, Biogas Group has contributed no revenue and loss after taxation of RM115,958 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 RM583,810 and profit after taxation would have increased by RM74,086 respectively.

- (c) 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 RM1,019,307 (2019 - RM1,480,693), 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" reportable segment.
- (d) The non-controlling interests at the end of the reporting period comprise the following:-

	<b>Effective Equity Interest</b>		<b>Group</b>	
	<b>2020 %</b>	<b>2019 %</b>	<b>2020 RM</b>	<b>2019 RM</b>
Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) and its subsidiary	45	-	1,471,913	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 7. Investment in subsidiaries (Cont'd)

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>Hextar Biogas BEE Sdn. Bhd.</b> <b>(formerly known as Biogas</b> <b>Engineering (BEE) Sdn. Bhd.)</b> <b>and its subsidiary</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>At 31 December</b>		
Non-current assets	1,854,976	-
Current assets	2,486,000	-
Non-current liabilities	(72,472)	-
Current liabilities	(997,586)	-
<b>Net assets</b>	<b>3,270,918</b>	<b>-</b>
<b>Financial Year Ended 31 December</b>		
Revenue	-	-
Loss for the financial year	(115,958)	-
Total comprehensive expenses	(115,958)	-
<b>Total comprehensive expenses attributable to non-controlling interests</b>	<b>(52,181)</b>	<b>-</b>
<b>Net cash flows for operating activities</b>	<b>(120,080)</b>	<b>-</b>
<b>Net cash flows from investing activities</b>	<b>31,007</b>	<b>-</b>

#### 8. Investment in a joint venture

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	2,675,000	2,675,000
Share of post-acquisition reserves:-		
At 1 January	260,873	(162,147)
Share of profit for the financial year	577,024	423,020
<b>At 31 December</b>	<b>837,897</b>	<b>260,873</b>
	<b>3,512,897</b>	<b>2,935,873</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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**8. Investment in a joint venture (Cont'd)**

- (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.

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

Name of Joint Venture	Effective Equity Interest		Principal Activities
	2020 %	2019 %	
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:-

	2020 RM	2019 RM
<b>At 31 December</b>		
Non-current assets	605,891	729,947
Current assets	6,937,236	5,077,165
Current liabilities	(961,030)	(379,064)
Non-current liability	(113,000)	(113,000)
<b>Net assets</b>	<b>6,469,097</b>	<b>5,315,048</b>
<b>Financial year ended 31 December</b>		
Revenue	10,770,615	7,090,183
Profit for the financial year	1,154,048	847,038
<b>Net cash flows from/(for) operating activities</b>	<b>1,781,288</b>	<b>(269,521)</b>
<b>Net cash flows from investing activities</b>	<b>27,712</b>	<b>37,512</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
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9. **Right-of-use assets**

Group	At 1.1.2020 RM	Additions RM	Depreciation charge RM	Transfer to property, plant and equipment	
				RM	At 31.12.2020 RM
<b>2020</b>					
<b>Carrying amount</b>					
Leasehold land	17,201,653	-	(181,675)	-	17,019,978
Forklift and motor vehicles	1,011,514	-	(282,916)	(7,503)	721,095
Hostels	232,197	-	(145,692)	-	86,505
Warehouse	394,000	1,984,037	(246,487)	-	2,131,550
Plant and machinery	-	215,581	(13,174)	-	202,407
	<b>18,839,364</b>	<b>2,199,618</b>	<b>(869,944)</b>	<b>(7,503)</b>	<b>20,161,535</b>

← 1.1.2019 →

Group	As previously reported RM	Initial application of MFRS 16 RM	As restated RM	Additions RM	Additions due to reverse acquisition RM	Depreciation charge RM	Transfer to property, plant and equipment RM	At 31.12.2019 RM
<b>2019</b>								
<b>Carrying amount</b>								
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
	<b>-</b>	<b>14,678,647</b>	<b>14,678,647</b>	<b>1,580,370</b>	<b>3,361,401</b>	<b>(710,850)</b>	<b>(70,204)</b>	<b>18,839,364</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**9. Right-of-use assets (Cont'd)**

<b>Group 2020</b>	<b>At cost RM</b>	<b>At valuation RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Leasehold land	-	17,735,530	(715,552)	17,019,978
Forklift and motor vehicles	1,270,462	-	(549,367)	721,095
Hostels	291,375	-	(204,870)	86,505
Warehouse	2,378,037	-	(246,487)	2,131,550
Plant and machinery	215,581	-	(13,174)	202,407
	4,155,455	17,735,530	(1,729,450)	20,161,535

<b>Group 2019</b>	<b>At cost RM</b>	<b>At valuation RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
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
	2,539,756	17,735,530	(1,435,922)	18,839,364

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

(i) Leasehold land

The Group has entered into 7 (2019 - 7) non-cancellable operating lease agreements for the use of land. All the leases are for a period of 99 (2019 - 99) years except for two leases which are for a period of 60 and 999 (2019 - 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 (2019 - 5 to 7) years. The leases bear effective interest rates ranging from 4.41% to 6.36% (2019 - 4.41% 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 (2019 - 2) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(iv) Warehouses

The Group has leased a number of warehouses for a period ranging from 2 to 5 (2019 - 2) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(v) Plant and machinery

The Group has leased a plant and machinery under hire purchase arrangement with lease term of 7 years (2019 - nil). The leases bear effective interest rate of 5.58% (2019 - nil) and is 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 9. Right-of-use assets (Cont'd)

- (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 21 to the financial statements.
- (c) Most 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 (2019 - RM463,920).
- (d) In prior 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.

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:-

	2020 RM	Group 2019 RM
Leasehold land	4,715,733	4,771,982

- (e) The Group also has leases motor vehicles and premises with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

## 10. Intangible assets

	2020 RM	Group 2019 RM
Goodwill on consolidation	13,335,888	7,448,670
Product development expenditure	797,281	1,207,495
Trademark	3,287	-
	14,136,456	8,656,165



**NOTES TO THE FINANCIAL STATEMENTS**

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**10. Intangible assets (Cont'd)**(a) Goodwill on consolidation

	2020 RM	Group 2019 RM
<b>Cost</b>		
At 1 January	31,435,471	7,448,670
Acquisition of a subsidiary	5,887,218	-
Arising from the reverse acquisition	-	23,986,801
At 31 December	37,322,689	31,435,471
<b>Accumulated impairment losses</b>		
At 1 January	(23,986,801)	-
Impairment during the financial year	-	(23,986,801)
At 31 December	(23,986,801)	(23,986,801)
<b>Carrying amount</b>	<b>13,335,888</b>	<b>7,448,670</b>

Impairment testing

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	2020 RM	Group 2019 RM
Hextar Chemicals Group Sdn. Bhd. and its subsidiaries	7,448,670	7,448,670
Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) and its subsidiary	5,887,218	-
	<b>13,335,888</b>	<b>7,448,670</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 10. Intangible assets (Cont'd)

##### (a) Impairment testing (Cont'd)

##### Key assumptions used in value-in-use calculations

	2020 RM	Group 2019 RM
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%	5%
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.	8% - 9%	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.	22% - 32%	20% - 22%

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.

In the previous financial year, 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.

##### (b) Product development expenditure

	2020 RM	Group 2019 RM
<b>Cost</b>		
At 1 January	4,040,492	3,537,378
Additions during the financial year	9,171	503,114
At 31 December	4,049,663	4,040,492
<b>Accumulated amortisation</b>		
At 1 January	(2,832,997)	(2,462,448)
Amortisation charge during the financial year	(419,385)	(370,549)
At 31 December	(3,252,382)	(2,832,997)
<b>Carrying amount</b>	797,281	1,207,495

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 10. Intangible assets (Cont'd)

##### (c) Trademark

	2020 RM	Group 2019 RM
<b>Cost</b>		
At 1 January	-	-
Addition during the financial year	5,190	-
At 31 December	5,190	-
<b>Accumulated amortisation</b>		
At 1 January	-	-
Amortisation charge during the financial year	(1,903)	-
At 31 December	(1,903)	-
<b>Carrying amount</b>	3,287	-

#### 11. Trade receivables

	2020 RM	Group 2019 RM
<b>Non-current:-</b>		
Third party	19,553	-
<b>Current:-</b>		
Related parties	38,322,970	50,674,163
Third parties	65,734,820	75,244,766
	104,057,790	125,918,929
Less: Allowance for impairment losses	(1,258,034)	(1,085,880)
<b>Net trade receivables</b>	<b>102,799,756</b>	<b>124,833,049</b>
<b>Allowance for impairment losses:-</b>		
At 1 January	(1,085,880)	(69,063)
Addition during the financial year	(707,536)	(957,901)
Addition due to reverse acquisition	-	(261,609)
Reversal during the financial year	535,382	202,693
At 31 December	(1,258,034)	(1,085,880)

The Group's normal credit terms for trade receivables range from 30 to 120 days (2019 - 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 12. Other receivables, deposits and prepayments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-current:-</b>				
Prepayment	2,244,175	2,871,531	-	-
<b>Current:-</b>				
Other receivables	305,758	159,805	9,558	9,558
Advances to suppliers	4,025,579	929,761	-	-
Deposits	461,640	537,081	3,500	3,500
Prepayments	3,476,487	3,863,446	20,714	40,593
GST recoverable	125,519	472,983	-	-
	8,394,983	5,963,076	33,772	53,651

- (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	
	2020 RM	2019 RM
Raw materials	51,877,926	61,212,163
Packaging materials	6,878,480	4,776,456
Finished goods	19,144,068	12,973,164
Consumables	62,614	65,620
Goods-in-transit	3,154,581	162,776
	81,117,669	79,190,179
Recognised in profit or loss:-		
Inventories recognised as cost of sales	321,180,223	281,313,148
Inventories written down to net realisable value	31,783	329,750
Write back of inventories	(963,523)	(94,945)

The write back was in respect of the revision in the inventories write down policy during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**

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**14. Amount due from/(to) related companies**

	2020 RM	Group 2019 RM
Amount due from related companies:-		
Trade balances	5,615,610	2,318,769
Amount due to related companies:-		
Trade balances	(4,900)	(46,156)

The trade balances are subject to the normal credit terms of 30 to 90 days (2019 - 30 to 90 days).

**15. Deposits with licensed banks**

- (a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.50% to 2.49% (2019 - 2.75% to 3.25%) per annum. The deposits have maturity periods ranging from 30 to 92 (2019 - 30 to 92) days.
- (b) Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM44,975 (2019 - RM115,886) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

**16. Asset classified as held for sale**

	2020 RM	Group 2019 RM
At 1 January	30,843,750	-
Transfer from investment properties	310,000	-
Transfer from property, plant and equipment	-	30,843,750
Disposal during the financial year	(30,843,750)	-
At 31 December	310,000	30,843,750

**Asset classified as held for sale in the current financial year**

The Group entered into a Sale and Purchase Agreement on 9 December 2020 with the purchaser to dispose of a piece of freehold land for a total consideration of RM300,000.

The transaction is pending the completion of certain conditions precedent as at the end of the reporting period.

Subsequent to the end of the reporting period, the disposal was completed on 16 February 2021.

**Asset classified as held for sale in the previous financial year**

The Group entered into a Sale and Purchase Agreement on 21 October 2019 with the purchaser to dispose of a piece of freehold land for a total consideration of RM30,000,000.

On 21 April 2020, the Group and the purchaser agreed to extend the completion of the disposal until 30 September 2020 due to the implementation of Movement Control Order ("MCO").

The disposal was completed on 13 July 2020 with the loss on disposal of RM843,750 recognised in the "Other Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income. The asset classified as held for sale belongs to the Group's "Investment Holding" reportable segment.

## NOTES TO THE FINANCIAL STATEMENTS

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#### 17. Share capital

		Group			
		Number of shares		Amount	
		2020 Unit	2019 Unit	2020 RM	2019 RM
<b>Issued and fully paid-up</b>					
Ordinary shares					
At 1 January	(b)(i)	820,679,564	106,000,000	169,912,728	84,075,003
Issued pursuant to the reverse acquisition	(b)(i) (b)(ii)	-	714,679,564	-	85,837,725
At 31 December		820,679,564	820,679,564	169,912,728	169,912,728

		Company			
		Number of shares		Amount	
		2020 Unit	2019 Unit	2020 RM	2019 RM
<b>Issued and fully paid-up</b>					
Ordinary shares					
At 1 January	(b)(iv)	820,679,564	106,000,000	633,878,029	54,987,582
Issued pursuant to the reverse acquisition	(b)(iii)	-	714,679,564	-	578,890,447
At 31 December		820,679,564	820,679,564	633,878,029	633,878,029

- (a) The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**18. Reserves**

The nature of reserves of the Group is as follows:-

**(a) Revaluation reserve**

The revaluation reserve represents:-

- (i) the increase in the fair value of the freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income; and
- (ii) revaluation surpluses (net of deferred taxation) of leasehold land immediately prior to its reclassification as right-of-use assets upon the adoption of MFRS 16 'Leases' in 2019.

**(b) Exchange reserve**

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

**19. Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company.

Prior to the Reverse Acquisition, the Company purchased 27,500 of its ordinary shares in the open market. The total amount paid to purchase the ordinary shares was RM17,997 including transaction costs and this was presented as a component within shareholder's equity. At the Group level, the Company's treasury share account is taken as part of the Reverse Acquisition accounting and hence does not have any amount.

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.

During the financial year, the Company purchased 14,290,500 of its issued ordinary shares from the open market at an average price of RM0.54 per share. The total consideration paid for the purchase was RM7,706,521 including transaction costs.

During the financial year, the Company sold its entire 14,318,000 treasury shares held in the open market at an average price of RM0.72 per share. As at 31 December 2020, the Company does not hold any treasury shares.

Details of treasury shares sold were as follows:

	<b>Average price RM</b>	<b>Highest price RM</b>	<b>Lowest price RM</b>	<b>Number of treasury share sold</b>	<b>Total consideration received RM</b>
2020	0.72	0.76	0.71	14,318,000	10,265,570

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 20. Lease liabilities

	2020 RM	Group 2019 RM
At 1 January:		
- As previously reported	1,457,133	-
- Initial application of MFRS 16	-	382,372
- As restated	1,457,133	382,372
Additions due to reverse acquisition	-	167,988
Additions during the financial year	2,125,584	1,307,900
Interest expense recognised in profit or loss (Note 30)	83,511	55,972
Repayment of principal	(535,989)	(401,127)
Repayment of interest expense	(83,511)	(55,972)
At 31 December	3,046,728	1,457,133
Analysed by:-		
Non-current liabilities	2,222,597	928,182
Current liabilities	824,131	528,951
	3,046,728	1,457,133

Certain lease liabilities of the Group are secured by the Group's forklift and motor vehicles and plant and machinery under hire purchase arrangements as disclosed in Note 9(a)(ii) and Note 9(a)(v) to the financial statements, with lease terms ranging from 5 to 7 (2019 - 5 to 7) years and bear effective interest rates ranging from 4.41% to 6.36% (2019 - 4.41% to 6.89%).

#### 21. Term loans

	2020 RM	Group 2019 RM
Non-current liabilities	9,658,392	12,719,458
Current liabilities	3,168,496	23,796,957
	12,826,888	36,516,415

(a) The term loans are secured by:-

- (i) legal charges over certain properties of the Group as disclosed in Notes 5, 6 and 9 to the financial statements;
- (ii) a corporate guarantee of the Company; and
- (iii) negative pledge over a subsidiary's present and future assets.

(b) The term loans bore effective floating interest rates ranging from 3.27% to 4.70% (2019 - 4.52% to 6.10%) per annum.



**NOTES TO THE FINANCIAL STATEMENTS**

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**22. Deferred tax liabilities**

	2020 RM	Group 2019 RM
At 1 January	9,532,955	6,825,793
Acquisition of subsidiary	72,472	-
Arising from the reverse acquisition	-	3,195,455
Recognised in profit or loss (Note 31)	(2,348,844)	(488,293)
At 31 December	7,256,583	9,532,955

The deferred tax liabilities are attributable to the following:-

	2020 RM	Group 2019 RM
Accelerated capital allowance over depreciation	1,970,679	2,203,864
Prepaid product registration license	1,625,040	1,576,387
Revaluation reserve	4,164,836	6,084,790
Inventories written down	(49,995)	(259,667)
Accumulated impairment losses on trade receivables	(167,614)	(178,832)
Accrual for bonus	(94,000)	(51,000)
Unrealised (loss)/gain on foreign exchange - trade	(192,363)	157,413
	7,256,583	9,532,955

**23. Trade payables**

The normal trade credit terms granted to the Group range from 14 to 120 days (2019 - 14 to 90 days) depending on the terms of the contracts.

**24. Other payables, deposits received and accruals**

		Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other payables (a)	3,229,637	2,720,545		17,119	1,837
Deposits received	19,800	833,500		-	-
Accruals	3,678,129	2,930,052		58,153	55,194
Sales and services tax payable	199,479	277,300		-	-
	7,127,045	6,761,397		75,272	57,031

(a) Included in other payables are advances amounting to RM2,168,664 (2019 - RM1,610,973) received from customers. The amount owing is unsecured and interest-free. The amount owing will be offset against future sales to the customers.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 25. 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 (2019 - 60 days). The amount due is to be settled in cash.

#### 26. Amount due from/(to) subsidiaries

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Amount due from:-		
Non-trade balances	39,168,655	35,906,153
Less: Allowance for impairment losses	(11,746,132)	(10,495,010)
	27,422,523	25,411,143
Allowance for impairment losses:-		
At 1 January	10,495,010	10,495,010
Addition during the financial year	1,251,122	-
At 31 December	11,746,132	10,495,010
Amount due to:-		
Non-trade balances	(6,623,884)	(7,481,716)

- (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.

#### 27. Bills payable

- (a) The bills payable are secured as follows:-
- (i) a corporate guarantee by the Company; and
  - (ii) a pledge of fixed deposit belonging to a subsidiary as disclosed in Note 15 to the financial statements.
- (b) The bills payable of the Group bore effective interest rates ranging from 0.80% to 3.39% (2019 - 2.25% to 4.42%) per annum.

#### 28. Revolving credit

The revolving credit of the Group are secured by a corporate guarantee of a subsidiary.

The revolving credit of the Group at the end of the reporting period bore interest rate is 3.05% (2019 - Nil) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

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### 29. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Revenue from contracts with customers</b>				
Recognised at point in time				
Sales of goods	418,642,497	335,274,400	-	-
Rendering of services	-	2,003,379	-	-
<b>Revenue from other sources</b>				
Dividend income	-	-	45,200,000	46,500,000
	418,642,497	337,277,779	45,200,000	46,500,000

The other information on the disaggregation of revenue is disclosed in Note 38 to the financial statements.

### 30. Profit before taxation

Profit before taxation is derived after charging/(crediting):-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amortisation:				
- investment in club membership	563	563	-	-
- product development expenditure	419,385	370,549	-	-
- trademark	1,903	-	-	-
Auditors' remuneration:				
- audit fees:				
- auditors of the Company:				
- current financial year	250,000	232,000	43,000	42,000
- under/(over)provision in the previous financial year	44,000	(11,000)	-	-
- other auditors	8,523	8,507	-	-
- non-audit fees:				
- auditors of the Company	46,000	6,000	46,000	6,000
- member firms of the auditors of the Company	121,000	69,388	3,000	3,000
Bad debts written off	180,548	-	-	-
Deposit written off	2,000	-	-	-
Depreciation:				
- property, plant and equipment	2,605,269	1,382,503	-	-
- right-of-use assets	869,944	710,850	-	-
- non-current asset held for sale	-	156,250	-	-
Directors' remuneration (Note 36(c))	2,171,282	1,481,463	236,000	251,008
Impairment losses on:				
- amount due from a subsidiary	-	-	1,251,122	-
- investment in a subsidiary	-	-	1,019,307	1,480,693
- goodwill	-	23,986,801	-	-
- trade receivables	707,536	957,901	-	-
Interest expense:				
- bills payable	1,886,690	2,653,959	-	-
- lease liabilities	83,511	55,972	-	-
- revolving credit	3,927	-	-	-
- term loans	1,364,351	1,614,566	-	-
Inventories written down	31,783	329,750	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 30. Profit before taxation (Cont'd)

Profit before taxation is derived after charging/(crediting) (Cont'd):-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investment in club membership written off	26,000	-	-	-
Loss on disposal of non-current asset held for sale	843,750	-	-	-
Loss/(Gain) on foreign exchange:				
- realised	1,304,539	880,548	-	-
- unrealised	712,070	(567,277)	-	-
Plant and equipment written off	427	-	-	-
Rental of equipment	90,810	61,750	-	-
Rental of motor vehicles	123,600	44,400	-	-
Rental of premises	359,300	-	-	-
Staff costs (including other key management personnel as disclosed in Note 36(c)):				
- salaries, wages, bonuses and allowances	12,952,173	14,715,858	-	-
- defined contribution benefits	1,253,754	1,089,658	-	-
Bad debt recovered	-	(20,875)	-	-
Dividend income from subsidiaries	-	-	(45,200,000)	(46,500,000)
Gain on disposal of property, plant and equipment	(88,851)	(538,056)	-	-
Gain on forward currency contracts	-	(121,145)	-	-
Interest income	(438,209)	(271,030)	(116,235)	(1,135)
Rental income	(240,499)	(246,499)	-	-
Reversal of impairment losses on trade receivables	(535,382)	(202,693)	-	-
Write back of inventories	(963,523)	(94,945)	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM28,000 (2019 - RM15,500).

#### 31. Income tax expense

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax:				
- for the current financial year	14,715,843	9,344,443	28,000	-
- (over)/underprovision in the previous financial year	(162,474)	(131,081)	270	-
Real property gains tax	14,553,369	9,213,362	28,270	-
	-	33,556	-	-
	14,553,369	9,246,918	28,270	-
Deferred tax (Note 22):				
- for the current financial year	(1,978,859)	(456,311)	-	-
- (over)/underprovision in the previous financial year	(263,760)	74,829	-	-
- crystallisation of deferred tax liability arising from revaluation reserve	(106,225)	(106,811)	-	-
	(2,348,844)	(488,293)	-	-
	12,204,525	8,758,625	28,270	-

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**31. Income tax expense (Cont'd)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	56,688,104	11,181,666	41,787,764	43,356,433
Tax at statutory tax rate of 24% (2019 - 24%)	13,605,145	2,683,600	10,029,063	10,405,544
Tax effects of:-				
Non-deductible expenses	2,456,296	6,976,707	846,937	754,456
Non-taxable income	(2,514,179)	(251,487)	(10,848,000)	(11,160,000)
Deferred tax assets not recognised for the financial year	14,908	26,000	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(86,521)	-	-	-
Expenses ranking for double deduction	(600,179)	(445,163)	-	-
Crystallisation of deferred tax liability arising from revaluation reserve	(106,225)	(106,811)	-	-
RPGT arising from disposal of property	-	33,556	-	-
Share of profit of a joint venture	(138,486)	(101,525)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	(162,474)	(131,081)	270	-
- deferred tax	(263,760)	74,829	-	-
Income tax expense for the financial year	12,204,525	8,758,625	28,270	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 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	
	2020 RM	2019 RM
Unutilised tax losses	16,119,139	16,057,021
Unutilised reinvestment allowances	11,679,000	11,679,000
Unabsorbed capital allowances	2,941,000	3,301,504
	30,739,139	31,037,525

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 are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 32. Other comprehensive income/(expenses)

	2020 RM	Group 2019 RM
<b>Items that will be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences:		
- changes during the financial year	225	(100)

#### 33. Earnings per share

##### (a) Basic earnings per share

	2020 RM	Group 2019 RM
Profit after taxation for the financial year attributable to owners of the Company (RM)	44,535,760	2,423,041
Weighted average number of ordinary shares in issue	812,965,597	785,925,466
Basic earnings per ordinary share (sen)	5.48	0.31

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.

##### (b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

#### 34. Dividends

On 26 March 2020, the Company paid a second interim dividend of 0.8 sen per ordinary share amounting to RM6,521,840 in respect of the financial year ended 31 December 2019.

On 23 June 2020, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM8,063,616 in respect of the financial year ended 31 December 2020.

On 28 September 2020, the Company paid a second interim dividend of 1.2 sen per ordinary share amounting to RM9,848,155 in respect of the financial year ended 31 December 2020.

On 28 December 2020, the Company paid a third interim dividend of 1.0 sen per ordinary share amounting to RM8,206,796 in respect of the financial year ended 31 December 2020.

On 22 February 2021, the Company declared a fourth interim dividend of 0.8 sen per ordinary share amounting to approximately RM6,565,437 in respect of the financial year ended 31 December 2020, payable on 26 March 2021, to shareholders whose name appeared in the record of depositors on 10 March 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

**NOTES TO THE FINANCIAL STATEMENTS**

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**35. Cash flow information**

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	2020 RM	Group 2019 RM
Cost of right-of-use assets acquired (Note 9)	2,199,618	1,580,370
Less: Addition of new lease liabilities (Note 20)	(2,125,584)	(1,307,900)
	74,034	272,470

(b) The total cash outflows for leases as a lessee are as follows:-

	2020 RM	Group 2019 RM
Payment of short-term leases	573,710	106,150
Interest paid on lease liabilities	83,511	55,972
Payment of lease liabilities	535,989	401,127
	1,193,210	563,249

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease liabilities RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
<b>Group 2020</b>					
At 1 January	1,457,133	36,516,415	86,433,098	-	124,406,646
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	-	-	214,845,152	10,000,000	224,845,152
Repayment of principal	(535,989)	(23,689,527)	(268,752,502)	-	(292,978,018)
Repayment of interests	(83,511)	(1,364,351)	(1,886,690)	(3,927)	(3,338,479)
	(619,500)	(25,053,878)	(55,794,040)	9,996,073	(71,471,345)
<u>Non-cash changes</u>					
Acquisition of new leases (Note 20 and 35(a))	2,125,584	-	-	-	2,125,584
Interest expense recognised in profit or loss (Note 30)	83,511	1,364,351	1,886,690	3,927	3,338,479
Foreign exchange adjustment	-	-	492,518	-	492,518
	2,209,095	1,364,351	2,379,208	3,927	5,956,581
At 31 December	3,046,728	12,826,888	33,018,266	10,000,000	58,891,882

**NOTES TO THE FINANCIAL STATEMENTS**  
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**35. Cash flow information (Cont'd)**

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease liabilities RM	Finance lease payable RM	Term loans RM	Bills payable RM	Total RM
<b>Group 2019</b>					
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
<u>Changes in financing cash flows</u>					
Proceeds from drawdown	-	-	859,932	244,795,921	245,655,853
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)
	(457,099)	-	(5,949,442)	6,455,116	48,575
<u>Non-cash changes</u>					
Acquisition of new leases (Note 20 and 35(a))	1,307,900	-	-	-	1,307,900
Additions due to reverse acquisition	167,988	-	30,371,291	10,409,438	40,948,717
Interest expense recognised in profit or loss (Note 30)	55,972	-	1,614,566	2,653,959	4,324,497
Foreign exchange adjustment	-	-	-	(731,604)	(731,604)
	1,531,860	-	31,985,857	12,331,793	45,849,510
At 31 December	1,457,133	-	36,516,415	86,433,098	124,406,646

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	17,204,528	29,434,691	783,876	39,525
Deposits with licensed banks	120,007	115,886	-	-
	17,324,535	29,550,577	783,876	39,525
Less: Deposits pledged with licensed banks	(44,975)	(115,886)	-	-
	17,279,560	29,434,691	783,876	39,525



## NOTES TO THE FINANCIAL STATEMENTS

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### 36. 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 jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Sales to:				
- fellow subsidiaries	10,283,782	8,849,943	-	-
- a fellow jointly controlled entity	108,110	84,010	-	-
- related parties	103,221,015	89,897,664	-	-
Purchases from:				
- fellow subsidiaries	(641,973)	(435,801)	-	-
- a fellow jointly controlled entity	(7,079,506)	(5,095,893)	-	-
Rental received and receivable from a fellow jointly controlled entity	156,499	156,499	-	-
Rental paid and payable to a fellow subsidiary	(387,000)	-	-	-
Management fee paid and payable to a fellow subsidiary	(2,340,000)	(2,340,000)	(130,416)	(113,589)
Software cost paid to a fellow subsidiary	(21,575)	(127,650)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for impairment in respect of the amounts owed by the related parties other than those disclosed in Note 26 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 36. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors of the Company</b>				
Short-term employee benefits:				
- fee	216,000	144,000	216,000	216,000
- salaries, bonuses and other emoluments	1,295,916	1,233,923	20,000	35,008
Defined contribution benefits	106,412	103,540	-	-
	1,618,328	1,481,463	236,000	251,008
<b>Directors of the Subsidiaries</b>				
Short-term employee benefits:				
- fee	666	-	-	-
- salaries, bonuses and other emoluments	503,524	-	-	-
Defined contribution benefits	48,764	-	-	-
	552,954	-	-	-
<b>Total directors' remunerations</b>	<b>2,171,282</b>	<b>1,481,463</b>	<b>236,000</b>	<b>251,008</b>

The estimated monetary value of benefits-in-kind provided to the directors of the Company were RM28,000 (2019 - RM15,500).

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Other Key Management Personnel</b>				
Short-term employee benefits	850,740	1,339,962	-	-
Defined contribution benefits	75,058	127,296	-	-
<b>Total compensation for other key management personnel</b>	<b>925,798</b>	<b>1,467,258</b>	<b>-</b>	<b>-</b>

#### 37. Capital commitment

	Group	
	2020 RM	2019 RM
Plant and machinery	43,200	-
Motor vehicle	106,180	-
Renovation of a property	-	481,180
	149,380	481,180

## NOTES TO THE FINANCIAL STATEMENTS

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### 38. Segment information

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

- Investment holding : Investment in shares and properties are held for capital gain.
- Agriculture : Involved in manufacturing, distribution and agents of agrochemicals, research and development activities.
- 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.

	<b>Investment Holding RM</b>	<b>Agriculture RM</b>	<b>Consumer Products RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>2020</b>					
<b>Revenue</b>					
External revenue	119,071	392,957,756	25,565,670	-	418,642,497
Inter-segment revenue	132,837,533	12,600,615	12,248,371	(157,686,519)	-
<b>Total revenue</b>	<b>132,956,604</b>	<b>405,558,371</b>	<b>37,814,041</b>	<b>(157,686,519)</b>	<b>418,642,497</b>
Represented by:-					
<u>Revenue recognised at a point of time</u>					
Dividend income	129,500,000	-	-	(129,500,000)	-
Rental income	720,000	-	-	(720,000)	-
Sales of agriculture supplies	-	405,558,371	-	(12,600,615)	392,957,756
Sales of consumer products	-	-	37,814,041	(12,248,371)	25,565,670
Others	119,071	-	-	-	119,071
<u>Revenue recognised over time</u>					
Management services	2,617,533	-	-	(2,617,533)	-
	132,956,604	405,558,371	37,814,041	(157,686,519)	418,642,497

## NOTES TO THE FINANCIAL STATEMENTS

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## 38. Segment information (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
<b>2020</b>					
<b>Results</b>					
Segment profit	124,868,398	61,949,699	119,307	(127,926,054)	59,011,350
Finance costs	(989,633)	(2,162,120)	(186,726)	-	(3,338,479)
Finance income	205,675	205,675	26,859	-	438,209
Share of result of a joint venture	-	577,024	-	-	577,024
Profit/(Loss) before taxation	124,084,440	60,570,278	(40,560)	(127,926,054)	56,688,104
Taxation					(12,204,525)
Profit after taxation for the financial year					44,483,579
Attributable to:					
- Owners of the Company					44,535,760
- Non-controlling interests					(52,181)
					44,483,579
<b>Assets</b>					
Segment assets	892,368,519	254,410,773	28,855,655	(868,823,650)	306,811,297
Unallocated asset:					
- Current tax assets					243,322
Total assets					307,054,619
Included in the measure of segment assets are:					
Addition to non-current assets other than financial instruments are:					
- Product development expenditure	-	9,171	-	-	9,171
- Property, plant and equipment	553,136	795,645	43,571	-	1,392,352
- Right-of-use assets	-	-	2,199,618	-	2,199,618
- Trademark	-	-	5,190	-	5,190
<b>Liabilities</b>					
Segment liabilities	65,744,735	103,948,969	16,409,015	(94,005,530)	92,097,189
Unallocated liabilities:					
- Current tax liabilities					6,434,105
- Deferred tax liabilities					7,256,583
Total liabilities					105,787,877

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## 38. Segment information (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
<b>2020</b>					
<b>Other information</b>					
Impairment losses on:					
- amount due from a subsidiary	1,251,122	-	-	(1,251,122)	-
- trade receivables	-	562,605	144,931	-	707,536
- investment in a subsidiary	1,019,307	-	-	(1,019,307)	-
Amortisation expense	-	419,948	1,903	-	421,851
Bad debts written off	8,109	101,562	70,877	-	180,548
Deposit written off	-	-	2,000	-	2,000
Depreciation expense	747,380	2,110,102	527,226	90,505	3,475,213
Gain on disposal of property, plant and equipment	-	(71,851)	(17,000)	-	(88,851)
Inventories written down	-	31,783	-	-	31,783
Investment in club membership written off	-	26,000	-	-	26,000
Loss on disposal of non-current asset held for sale	1,000,000	-	-	(156,250)	843,750
Plant and equipment written off	-	427	-	-	427
Reversal of impairment losses on:					
- trade receivables	-	(464,505)	(70,877)	-	(535,382)
- amount owing from related companies	-	-	(72,183)	72,183	-
Write back of inventories	-	(963,523)	-	-	(963,523)
Unrealised foreign exchange (gain)/loss	(36,621)	792,294	(43,603)	-	712,070
<b>2019</b>					
<b>Revenue</b>					
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:-					
<u>Revenue recognised at a point of time</u>					
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
<u>Revenue recognised over time</u>					
Management services	1,814,131	-	-	(1,814,131)	-
	122,524,455	322,212,544	26,348,224	(133,807,444)	337,277,779

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**38. Segment information (Cont'd)**

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
<b>2019</b>					
<b>Results</b>					
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
<b>2019</b>					
<b>Assets</b>					
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
<b>Liabilities</b>					
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

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**38. Segment information (Cont'd)**

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
<b>2019</b>					
<b>Other information</b>					
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 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)

Geographical information

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	2020 RM	Group 2019 RM
Local	278,678,055	228,266,380
Export	139,964,442	109,011,399
	418,642,497	337,277,779

Major customer

The following is major customer with revenue equal to or more than 10% of the Group's total revenue:-

	2020 RM	Revenue 2019 RM	Segment
Customer #1	48,963,662	34,108,474	Agriculture

**39. Financial instruments**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activities are as follows:-

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") 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 RM	Euro RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
<b>Group</b>					
<b>2020</b>					
<b>Financial Assets</b>					
Trade receivables	31,001,446	-	275,248	71,542,615	102,819,309
Other receivables and deposits	-	-	-	767,398	767,398
Amount due from related companies	-	-	-	5,615,610	5,615,610
Deposits with licensed banks	-	-	-	120,007	120,007
Cash and bank balances	1,249,659	-	432,556	15,522,313	17,204,528
	32,251,105	-	707,804	93,567,943	126,526,852
<b>Financial Liabilities</b>					
Trade payables	16,895,956	246,834	1,079	7,691,180	24,835,049
Other payables, deposits received and accruals	31,875	-	8,511	4,718,516	4,758,902
Amount due to related companies	-	-	-	4,900	4,900
Amount due to a joint venture	-	-	-	1,238,313	1,238,313
Lease liabilities	-	-	-	3,046,728	3,046,728
Term loans	-	-	-	12,826,888	12,826,888
Bills payable	18,250,762	-	-	14,767,504	33,018,266
Revolving credit	-	-	-	10,000,000	10,000,000
	35,178,593	246,834	9,590	54,294,029	89,729,046
<b>Net financial (liabilities)/assets</b>	(2,927,488)	(246,834)	698,214	39,273,914	36,797,806
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(80,123)	(39,273,914)	(39,354,037)
<b>Currency Exposure</b>	(2,927,488)	(246,834)	618,091	-	(2,556,231)



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 39. Financial instruments (Cont'd)

## 39.1 Financial risk management policies (Cont'd)

## (a) Market risk (Cont'd)

## (i) Foreign currency risk (Cont'd)

*Foreign currency exposure (Cont'd)*

	United States Dollar RM	Euro RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
<b>Group</b>					
2019					
<u>Financial Assets</u>					
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
<u>Financial Liabilities</u>					
Trade payables	20,519,807	2,204	1,106	6,929,131	27,452,248
Other payables, deposits received and accruals	56,317	4,354	8,515	4,803,938	4,873,124
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	61,809,711	-	-	24,623,387	86,433,098
	82,385,835	6,558	9,621	75,197,543	157,599,557
Net financial (liabilities)/assets	(44,785,347)	(6,558)	941,429	43,650,200	(200,276)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(5,896)	(43,650,200)	(43,656,096)
Currency Exposure	(44,785,347)	(6,558)	935,533	-	(43,856,372)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.1 Financial risk management policies (Cont'd)

###### (a) Market risk (Cont'd)

###### (i) Foreign currency risk (Cont'd)

###### *Foreign currency exposure (Cont'd)*

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

###### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2020 (Decrease)/ Increase RM	2019 (Decrease)/ Increase RM
<b>Effects on Profit After Taxation</b>		
Euro:		
- strengthened by 5%	(9,380)	(249)
- weakened by 5%	9,380	249
Singapore Dollar:		
- strengthened by 5%	23,487	35,550
- weakened by 5%	(23,487)	(35,550)
United States Dollar:		
- strengthened by 5%	(111,245)	(1,701,843)
- weakened by 5%	111,245	1,701,843

###### (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.

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 21, 27 and 28 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 RM424,423 (2019 - RM934,416). 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 39. Financial instruments (Cont'd)

#### 39.1 Financial risk management policies (Cont'd)

##### (a) Market risk (Cont'd)

##### (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 amounts owing by 2 (2019 - 3) customers which constituted approximately 26% (2019 - 40%) of its trade receivables (including amount due from related companies) at the end of the reporting period.

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:-

	2020 RM	Group 2019 RM
Africa	537,132	93,094
Asia	106,818,768	126,547,193
North America	-	33,629
Oceania	920,025	473,811
South America	158,994	4,091
	108,434,919	127,151,818

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

##### (iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of its financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Trade receivables*

The Group applies the simplified approach to measure expected credit losses using a lifetime expected 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 in default with significant balances outstanding for more than 90 days, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2019 - 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies' balances which are not past due and past due amounted to RM2,711,077 and RM2,904,533 respectively) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>Group</b>			
<b>2020</b>			
Current (not past due)	78,319,239	-	78,319,239
1 to 30 days past due	13,217,043	(275)	13,216,768
31 to 60 days past due	7,149,121	(115)	7,149,006
61 to 90 days past due	3,637,711	(226)	3,637,485
more than 90 days	6,150,228	(37,807)	6,112,421
	108,473,342	(38,423)	108,434,919
Credit impaired:			
- Individually impaired	1,219,611	(1,219,611)	-
	109,692,953	(1,258,034)	108,434,919

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 39. Financial instruments (Cont'd)

#### 39.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

##### (iii) Assessment of impairment losses (Cont'd)

##### *Trade receivables (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies' balances which are not past due and past due amounted to RM1,781,471 and RM537,298 respectively) are summarised below (Cont'd):-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>Group</b>			
<b>2019</b>			
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

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 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.

##### *Amount due from subsidiaries (Non-trade balances)*

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.1 Financial risk management policies (Cont'd)

##### (b) Credit risk (Cont'd)

##### (iii) Assessment of impairment losses (Cont'd)

##### *Amount due from subsidiaries (Non-trade balances) (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount due from subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>Company</b>			
<b>2020</b>			
Low credit risk	22,015,866	-	22,015,866
Credit impaired	17,152,789	(11,746,132)	5,406,657
	39,168,655	(11,746,132)	27,422,523
<b>2019</b>			
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

The movements in the loss allowances are disclosed in Note 26 to the financial statements.

##### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

##### (c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

**NOTES TO THE FINANCIAL STATEMENTS**

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**39. Financial instruments (Cont'd)**

## 39.1 Financial risk management policies (Cont'd)

## (c) Liquidity risk (Cont'd)

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>Group</b>					
<b>2020</b>					
<b>Non-derivative Financial</b>					
<b>Liabilities</b>					
Trade payables	24,835,049	24,835,049	24,835,049	-	-
Other payables, deposits received and accruals	4,758,902	4,758,902	4,758,902	-	-
Amount due to related companies	4,900	4,900	4,900	-	-
Amount due to a joint venture	1,238,313	1,238,313	1,238,313	-	-
Lease liabilities	3,046,728	3,273,053	936,879	2,336,174	-
Term loans	12,826,888	14,527,690	3,679,817	5,557,616	5,290,257
Bills payable	33,018,266	33,018,266	33,018,266	-	-
Revolving credit	10,000,000	10,000,000	10,000,000	-	-
	89,729,046	91,656,173	78,472,126	7,893,790	5,290,257
<b>Group</b>					
<b>2019</b>					
<b>Non-derivative Financial</b>					
<b>Liabilities</b>					
Trade payables	27,452,248	27,452,248	27,452,248	-	-
Other payables, deposits received and accruals	4,873,124	4,873,124	4,873,124	-	-
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	-	-
	157,599,557	161,081,641	144,801,282	9,442,362	6,837,997

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.1 Financial risk management policies (Cont'd)

##### (c) Liquidity risk (Cont'd)

###### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>Company</b>			
<b>2020</b>			
Other payables and accruals	75,272	75,272	75,272
Amount due to subsidiaries	6,623,884	6,623,884	6,623,884
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	44,435,154	44,435,154
	<b>6,699,156</b>	<b>51,134,310</b>	<b>51,134,310</b>
<b>2019</b>			
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
	<b>7,538,747</b>	<b>226,138,747</b>	<b>226,138,747</b>

\* 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.

##### 39.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 39. Financial instruments (Cont'd)

#### 39.2 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:-

	2020 RM	Group 2019 RM
Lease liabilities	3,046,728	1,457,133
Term loans	12,826,888	36,516,415
Bills payable	33,018,266	86,433,098
Revolving credit	10,000,000	-
	58,891,882	124,406,646
Less: Deposits with licensed banks	(120,007)	(115,886)
Less: Cash and bank balances	(17,204,528)	(29,434,691)
Net debt	41,567,347	94,856,069
Total equity	201,266,742	185,340,202
Debt-to-equity ratio	0.21	0.51

There was no change in the Group's approach to capital management during the financial year.

#### 39.3 Classification of financial instruments

	Group RM	2020 Company RM
<b>Financial assets</b>		
<u>Amortised cost</u>		
Trade receivables	102,819,309	-
Other receivables and deposits	767,398	13,058
Amount due from related companies	5,615,610	-
Amount due from subsidiaries	-	27,422,523
Dividend receivable	-	13,800,000
Deposits with licensed banks	120,007	-
Cash and bank balances	17,204,528	783,876
	126,526,852	42,019,457
<b>Financial liabilities</b>		
<u>Amortised cost</u>		
Lease liabilities	3,046,728	-
Term loans	12,826,888	-
Trade payables	24,835,049	-
Other payables, deposits received and accruals	4,758,902	75,272
Amount due to related companies	4,900	-
Amount due to a joint venture	1,238,313	-
Amount due to subsidiaries	-	6,623,884
Bills payable	33,018,266	-
Revolving credit	10,000,000	-
	89,729,046	6,699,156

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2020

#### 39. Financial instruments (Cont'd)

##### 39.3 Classification of financial instruments (Cont'd)

	Group RM	2019 Company RM
<b>Financial assets</b>		
<u>Amortised cost</u>		
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
<b>Financial liabilities</b>		
<u>Amortised cost</u>		
Lease liabilities	1,457,133	-
Term loans	36,516,415	-
Trade payables	27,452,248	-
Other payables, deposits received and accruals	4,873,124	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	-
	157,599,557	7,538,747

##### 39.4 Gains or losses arising from financial instruments

	Group RM	Company RM
<b>2020</b>		
<b>Financial assets</b>		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(1,933,102)	(1,134,887)
<b>Financial liabilities</b>		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(3,338,479)	-
<b>2019</b>		
<b>Financial assets</b>		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(776,574)	(275)
<b>Financial liabilities</b>		
<u>Amortised cost</u>		
Net losses recognised in profit or loss	(4,324,497)	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 39. Financial instruments (Cont'd)

#### 39.5 Fair value information

As the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

### 40. Significant events during the financial year

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

- (b) On 24 August 2020, the Company entered into a conditional Share Sale Agreement ("SSA") to acquire 1,155,000 ordinary shares in Hextar Biogas BEE Sdn. Bhd. (formerly known as Biogas Engineering (BEE) Sdn. Bhd.) ("HBEE"), representing 55% equity interest in HBEE, for a total purchase consideration of RM7,750,000 to be fully satisfied by cash ("Proposed Acquisition").

On 23 October 2020, the Proposed Acquisition was extended to 24 November 2020 as certain conditions of the SSA are still pending. Subsequently, the Company had on the 5 November 2020 announced that the terms of the SSA have been fully satisfied and hence the Proposed Acquisition has been completed.

- (c) 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 11½, 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 11½, Jalan Kota Tinggi, 81800 Ulu Tiram, Johor Darul Takzim, for a total cash consideration of RM30,000,000.

On 21 April 2020, HxL and PCSB agreed to extend the completion of the disposal until 30 September 2020 due to the implementation of Movement Control Order ("MCO").

On 13 July 2020, the terms of the conditional Sale and Purchase Agreement for the disposal have been fully satisfied and the disposal has been completed.

- (d) On 9 December 2020, Halex Realty Sdn. Bhd. ("HxR"), a wholly-owned subsidiary of the Company has entered into a conditional Sale and Purchase Agreement with Paramount Corridor Sdn. Bhd. to dispose of a piece of freehold land for a total consideration of RM300,000. Subsequently, the disposal was completed on 16 February 2021.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**41. Significant events occurring after the reporting period**

- (a) Subsequent to the reporting date, the numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.
- (b) On 22 February 2021, the Company proposed to undertake a bonus issue of up to 492,407,738 bonus shares, on the basis of 3 bonus shares for every 5 existing shares of the Company held by the shareholders of the Company whose name appear in the Record of Depositors of the Company on an entitlement date to be determined later.
- (c) On 8 March 2021, the Company has entered into a conditional Share Sale Agreement to acquire 500,000 ordinary shares in Alpha Aim (M) Sdn. Bhd. ("AASB"), representing 100% equity interest in AASB and 1,050,014 ordinary shares in Chempro Technology (M) Sdn. Bhd. ("CTSB"), representing 100% equity interest in CTSB, for a total purchase consideration of RM138,000,000 to be fully satisfied by cash ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, the Company intends to undertake diversification of the business activities of the Group to include the business of manufacturing and distribution of specialty chemicals products such as latex polymers, coagulants, detergents, degreasers, chlorine sanitiser and others.

# LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2020 (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	40 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	27 years	60 years lease	4,860/ 4,768	6,180	6,500	30.04.2019
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	16 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	23 years	Freehold	57,101/ 1,826	6,008	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
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

## LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2020 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
Lot A-5-3A, Block A, Level 3A, Unit No. 3A, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit / Vacant	4 years	99 years lease	190	1,115	1,115	30.04.2019
Lot A-5-6, Block A, Level 3A, Unit No. 6, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	4 years	99 years lease	168	975	975	30.04.2019
Lot A-6-5, Block A, Level 5, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	4 years	99 years lease	263	1,417	1,417	30.04.2019
Lot A-8-5, Block A, Level 7, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	4 years	99 years lease	263	1,432	1,432	30.04.2019
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	6 years	Freehold	334	7,019	7,114	30.04.2019

## LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2020 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
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 an annexed double-storey office / For production and warehousing of agrochemicals products	15 years	99 years lease	21,303/ 10,490	23,658	25,000	11.04.2018
Lot 2666, Sungai Pasai, Engkabang, off Jalan Sibul- Bintulu, 96000 Sibu.	Agriculture land / Vacant	8 years	99 years lease	19,667	80	93	18.04.2018
Lot 1753, 24th Mile, Sibul Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land / Vacant	8 years	99 years lease	35,181	130	154	18.04.2018
Lot 1633, 23rd Mile, Sibul Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land / Vacant	8 years	99 years lease	51,395	201	238	18.04.2018
Country lease 075375414, Jalan Loong Chun off KM17.2 Jalan Labuk, Sandakan, Negeri Sabah, Malaysia. Bearing postal address Lot 7, Jalan Loong Chun Off, Jalan Labuk, Mile 10, W.D.T No. 32, 9009 held under District of Sandakan, State of Sabah, Malaysia.	A double- storey office building with an annexed single-storey warehouse / Rented to third party	3 years	999 years lease	6,070/ 557	1,345	1,350	22.05.2018

## LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2020 (RM'000)	Market value (RM'000)	Date of Acquisition (or CFO)/ Valuation
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 / Rented to third party	4 years	Freehold	111/ 98	628	684	19.04.2018
Geran 1769/ M1/4/35, Lot 37224, Mukim of Petaling. No. 28-3, Block A, Sri Desa Entrepreneurs Park, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Office Lot / Office premises	20 years	Freehold	129	350	350	30.11.2020
Geran 1766/ M5/6/296, Lot 37216, Mukim of Petaling. Unit No. 9-5-3A, Sri Desa Condominium, Block 9, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Condominium Unit / Hostel for own staff	19 years	Freehold	103	399	400	30.11.2020
Geran 47480, Lot 36469, Mukim of Petaling. Unit No. B-16-2, Tower B, The Link 2 @ Bukit Jalil No.1, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur.	Serviced Apartment Unit / Rented to third party	3 years	Freehold	113	850	850	30.11.2020



# ANALYSIS OF SHAREHOLDINGS

## List of Top 30 Holders as at 22/03/2021

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	HOLDINGS	%
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD.	133,105,264	16.218
2.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MGN-OCM0001M)	99,000,000	12.063
3.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (PJCAC)	74,353,000	9.059
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MX3826)	65,500,000	7.981
5.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN. BHD. (M3918A)	40,500,000	4.934
6.	KENANGA INVESTMENT BANK BERHAD IVT-(EDSP-OTC/ESH)	40,500,000	4.934
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (SWAP)	36,100,000	4.398
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HEXTAR HOLDINGS SDN BHD (PB)	34,020,000	4.145
9.	MAYBANK INVESTMENT BANK BERHAD IVT (10)	33,178,300	4.042
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD	21,680,000	2.641
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR HEXTAR HOLDINGS SDN BHD	21,000,000	2.558
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)	16,800,000	2.047
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	10,000,000	1.218
14.	CARTABAN NOMINEES (ASING) SDN BHD STATE STREET AUSTRALIA FUND OD51 FOR FSS TRUSTEE CORPORATION	8,519,888	1.038
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	8,500,000	1.035
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)	7,800,000	0.950
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DATO' ONG CHOO MENG (PB)	7,438,500	0.906
18.	MOK YAU CHOY	6,900,000	0.840
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	5,300,000	0.645
20.	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	4,094,300	0.498

## ANALYSIS OF SHAREHOLDINGS

## List of Top 30 Holders as at 22/03/2021 (Cont'd)

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	HOLDINGS	%
21.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND 59HL FOR OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	3,736,037	0.455
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	3,466,200	0.422
23.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG BENG HOO	3,268,500	0.398
24.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	3,168,400	0.386
25.	CHONG YOKE SIM	3,000,000	0.365
26.	SUNDAT (S) PTE LTD	2,569,677	0.313
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN.BHD. (SMART)	2,407,500	0.293
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	2,328,200	0.283
29.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (M&A)	2,100,000	0.255
30.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,980,800	0.241

## ANALYSIS OF SHAREHOLDINGS

### Analysis by Size of Holdings as at 22/03/2021

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	82	1.586	2,953	0.000
100 - 1,000	854	16.527	542,011	0.066
1,001 - 10,000	2,902	56.164	15,386,325	1.874
10,001 - 100,000	1,123	21.734	37,746,909	4.599
100,001 - 41,033,977*	202	3.909	395,043,102	48.136
41,033,978 and above**	4	0.077	371,958,264	45.323
<b>Total</b>	<b>5,167</b>	<b>100.000</b>	<b>820,679,564</b>	<b>100.000</b>

\* - Less than 5% of Issued Shares

\*\* - 5% And Above Of Issued Shares

### Information on Substantial Holders' Holdings as at 22/03/2021

Name	Holdings	%
MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN. BHD.	133,105,264	16.218
MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (MGN-OCM0001M)	99,000,000	12.063
HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (PJCAC)	74,353,000	9.059
AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (MX3826)	65,500,000	7.981

### Direct and Deemed Interest of each Director:

Name	Direct Interest	%	Indirect Interest	%
Dato' Ong Soon Ho	Nil	Nil	513,758,264	62.60
Dato' Ong Choo Meng	31,238,500	3.81	513,758,264	62.60
Lee Chooi Keng	1,180,000	0.14	Nil	Nil

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 30th Annual General Meeting (“30th AGM”) of Hextar Global Berhad (“the Company”) will be held entirely through live streaming from Broadcast Venue at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, Malaysia (“Broadcast Venue”) on **Monday, 31 May 2021 at 10.00 a.m.** to transact the following business:-

## **ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.  
**[Refer to Explanatory Note (1)]**
2. To re-elect the following Directors who retire in accordance with Clause 127 of the Company’s Constitution:
  - (a) Lee Chooi Keng (Ordinary Resolution 1)
  - (b) Liew Jee Min @ Chong Jee Min (Ordinary Resolution 2)
3. To approve the following payments to Directors:
  - (a) Directors’ fees of up to RM350,000 in respect of the financial year ending 31 December 2021. (Ordinary Resolution 3)
  - (b) Directors’ benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.  
**[Refer to Explanatory Note (2)]** (Ordinary Resolution 4)
4. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 5)

## **SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions:

5. **PROPOSED RENEWAL OF AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 6)

**“THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed 20% General Mandate”).

**THAT** such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

## NOTICE OF ANNUAL GENERAL MEETING

**THAT** with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

**THAT** such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

**THAT** the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

**THAT** authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

**AND FURTHER THAT** the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

**[Refer to Explanatory Note (3)]**

### 6. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Ordinary Resolution 7)

**"THAT** subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

## NOTICE OF ANNUAL GENERAL MEETING

**AND THAT** the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

**AND THAT** the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

**AND THAT** the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

**[Refer to Explanatory Note (4)]**

## NOTICE OF ANNUAL GENERAL MEETING

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")** (Ordinary Resolution 8)

"**THAT** subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3.3 of the Circular to the Shareholders dated 30 April 2021 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

**AND THAT** the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

**AND THAT** the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

**[Refer to Explanatory Note (5)]**

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

By Order of the Board

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

**Ong Wai Leng** (SSM PC No. 202008003219) (MAICSA No. 7065544)

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

Company Secretaries

30 April 2021

Kuala Lumpur

Notes:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which require the Chairman of the meeting to be present at the main venue of the meeting.
2. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 30th AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH") via its **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administration Details for the 30th AGM and read the notes therein in order to participate remotely via RPV.

## NOTICE OF ANNUAL GENERAL MEETING

4. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
8. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
9. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 30th AGM must request his/her proxy or attorney or corporate representative to **register himself/herself for RPV** at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the 30th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic form

The Proxy Form can be electronically lodged via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedure for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
12. Last date and time for lodging the Proxy Form is **Saturday, 29 May 2021 at 10.00 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.



## NOTICE OF ANNUAL GENERAL MEETING

14. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 20 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 30th AGM or appoint proxies to attend and vote in his stead.

Explanatory Notes to the Agenda:-

### Item 1 of the Agenda

1. This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

### Item 3 of the Agenda – Ordinary Resolution 4 Payment of Directors' benefits

2. This resolution is to facilitate payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.

### Item 5 of the Agenda – Ordinary Resolution 6 Proposed Renewal of Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

3. The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

## NOTICE OF ANNUAL GENERAL MEETING

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it is useful for the Company to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 29th AGM held on 24 August 2020 and will lapse at the conclusion of the 30th AGM to be held on 31 May 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

### Item 6 of the Agenda – Ordinary Resolution 7 Proposed Renewal of Authority of Share Buy-Back

4. The proposed Resolution No. 7, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For further information, please refer to the Share Buy-Back Statement dated 30 April 2021.

### Item 7 of the Agenda – Ordinary Resolution 8 Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

5. The proposed Resolution No. 8 in respect of the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There is no person seeking election as director of the Company at this Annual General Meeting.
2. General mandate for issue of securities

Kindly refer to the Explanatory Notes on Special Business – Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (3) to the Notice of the 30th Annual General Meeting.

**PROXY FORM**

(Before completing this form please refer to the notes below)

<b>Number of Shares held</b>	
<b>CDS Account</b>	

I/We.....Tel:.....  
 [Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of.....  
 [Full address]

being member(s) of **HEXTAR GLOBAL BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and /-or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing ^him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 30th Annual General Meeting ("30th AGM") of the Company to be held entirely through live streaming from Broadcast Venue at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, Malaysia ("Broadcast Venue") on Monday, 31 May 2021 at 10.00 a.m. and any adjournment thereof, to vote as indicated below:

RESOLUTIONS	DESCRIPTION OF RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To re-elect Lee Chooi Keng as Director of the Company.		
Ordinary Resolution 2	To re-elect Liew Jee Min @ Chong Jee Min as Director of the Company.		
Ordinary Resolution 3	To approve Directors' fees of up to RM350,000 in respect of the financial year ending 31 December 2021.		
Ordinary Resolution 4	To approve Directors' benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 5	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Ordinary Resolution 6	Proposed Renewal of Authority to Allot and Issue Shares pursuant to Sections 75 And 76 of the Companies Act 2016.		
Ordinary Resolution 7	Proposed Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this.....day of ..... 2021.

.....  
 Signature of Member(s) or  
 Common Seal\*

^ Delete whichever is inapplicable

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.  
 (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.  
 (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
- at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which require the Chairman of the meeting to be present at the main venue of the meeting.
2. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 30th AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIIH") via its **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administration Details for the 30th AGM and read the notes therein in order to participate remotely via RPV.
4. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
8. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
9. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 30th AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the 30th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic form  
The Proxy Form can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Kindly refer to the Administrative Details on the procedure for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
12. Last date and time for lodging the Proxy Form is **Saturday, 29 May 2021 at 10.00 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **original or duly certified** certificate of appointment of authorised representative with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 20 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 30th AGM or appoint proxies to attend and vote in his stead.



**HEXTAR GLOBAL BERHAD**  
Registration No. 199001014551 (206220-U)  
(Incorporated in Malaysia)

#### **ADMINISTRATIVE DETAILS**

#### **30<sup>TH</sup> ANNUAL GENERAL MEETING OF HEXTAR GLOBAL BERHAD**

**Date** : **Monday, 31 May 2021**  
**Time** : **10.00 a.m.**  
**Broadcast Venue** : **No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas**  
**41200 Klang, Selangor, Malaysia**

#### **MODE OF MEETING**

The Securities Commission Malaysia ("SC") had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures ("SOPs") issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order ("MCO"). The SC had issued a Guidance Note on the Conduct of General Meetings for Listed Issuers (including amendments made by SC from time to time), which states that only fully virtual meetings will be allowed during MCO and Conditional MCO ("CMCO"), subject to the requirements under the prevailing and applicable SOPs.

In line with the Government's directive and SC Guidance Note above to curb the spread of COVID-19, the 30th Annual General Meeting ("30th AGM") of Hextar Global Berhad ("Hextar" or the "Company") will be held entirely **through live streaming and online remote voting** via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Share Registrar", "Tricor" or "TIIH") **TIIH Online** website at <https://tiih.online>.

The Broadcast Venue of the 30th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 30th AGM in person at the Broadcast Venue on the day of the meeting.

#### **REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES**

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 30th AGM using RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.

Members who appoint proxies to participate via RPV in the 30th AGM must ensure that the duly executed Proxy Form are deposited in a hard copy form to the Share Registrar's Office or by electronic means to Tricor no later than **Saturday, 29 May 2021 at 10.00 a.m.**

Corporate representatives of corporate members must deposit their original or **duly certified** certificate of appointment of corporate representative to Share Registrar's Office not later than **Saturday, 29 May 2021 at 10.00 a.m.** to participate the 30th AGM via RPV facilities.

Attorneys appointed by power of attorney are to deposit their power of attorney with Share Registrar's Office not later than **Saturday, 29 May 2021 at 10.00 a.m.** to participate the 30th AGM via RPV facilities.

**A member who has appointed a proxy or attorney or authorised representative to participate at this 30th AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the 30th AGM of Hextar is a fully virtual AGM, members who are unable to participate in this 30th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

## PROCEDURES FOR RPV FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the 30th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
<b>BEFORE THE AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" select "<b>Create Account by Individual Holder</b>". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an <b>e-mail to notify</b> you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your request to attend 30th AGM remotely	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. Friday, 30 April 2021 until the day of 30th AGM, Monday, 31 May 2021.</b> Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV.</li> <li>Login with your user ID and password and select the corporate event: "<b>(REGISTRATION) HEXSTAR 30TH AGM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at <b>20 May 2021</b>, the system will send you an <b>e-mail after 29 May 2021 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
<b>ON THE AGM DAY (31 MAY 2021)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 30th AGM at any time from <b>9.30 a.m.</b> i.e. 30 minutes before the commencement of the 30th AGM on <b>Monday, 31 May 2021 at 10.00 a.m..</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: "<b>(LIVE STREAM MEETING) HEXSTAR 30TH AGM</b>" to engage in the proceedings of the 30th AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 30th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Monday, 31 May 2021</b> until a time when the Chairman announces the completion of the voting session of the 30th AGM.</li> <li>Select the corporate event: <b>(REMOTE VOTING) HEXSTAR 30TH AGM</b> or if you are on the live stream meeting page, you can select "<b>GO TO REMOTE VOTING PAGE</b>" button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 30th AGM, the live streaming will end.</li> </ul>

#### Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

#### PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board prior to the 30th AGM via Tricor's **TIIH Online** website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 29 May 2021 at 10.00 a.m.** The Board will endeavour to answer the questions received at the 30th AGM.

#### ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **20 May 2021** shall be entitled to attend, speak and vote at the 30th AGM or appoint proxies to attend and/or vote on his/her behalf.

#### APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS

The 30th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 31 May 2021, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

Accordingly, Proxy Form and/or document relating to the appointment of proxy/corporate representative/attorney for the 30th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 29 May 2021 at 10.00 a.m.**:

(i) In Hard Copy:

By hand or post to the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

(ii) By Electronic Form:

All members can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

	Procedure	Action
<b>i. Steps for Individual Members</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services" select "<b>Create Account by Individual Holder</b>". Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>• Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li><li>• If you are already a user with TIIH Online, you are not required to register again.</li></ul>



	Procedure	Action
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>"HEXTAR 30TH AGM – Submission of Proxy Form"</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print proxy form for your record.</li> </ul>
<b>ii. Steps for Corporation or Institutional Members</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional member selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Select the corporate event: <b>"HEXTAR 30TH AGM – Submission of Proxy Form"</b>.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select "Submit" to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

## POLL VOTING

The Voting at the 30th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Members can proceed to vote on the resolutions at any time from the commencement of the 30th AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to the notes above, "Procedures for RPV Facilities" for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

Upon completion of the voting session for the 30th AGM, the Scrutineers will verify the poll results followed by the Chairman to declare whether the resolutions are duly passed.

## **ANNUAL REPORT 2020 & CIRCULAR TO SHAREHOLDERS**

The Company's Annual Report 2020 and Circular to Shareholders is available at the Company's website at <http://hextarglobal.com>.

Should you require a printed copy of the Annual Report and/or Circular to Shareholders, please request at our Share Registrar's website at <https://tjih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the number/e-mail addresses given below. We will send it to you by ordinary post as soon as possible upon receipt of your request. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

## **NO DOOR GIFT/FOOD VOUCHER**

There will be **no distribution** of door gifts or food vouchers for the 30th AGM since the meeting is being conducted on a fully virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

## **RECORDING OR PHOTOGRAPHY**

Strictly NO unauthorised recording or photography of the proceedings of the 30th AGM is allowed.

## **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours from 9.00 a.m. to 5.30 p.m. (Monday to Friday) (except on public holidays):

### **Share Registrar – Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

### **Contact Persons**

- Mr. Jake Too : +603-2783 9285 / Email : [Chee.Onn.Too@my.tricorglobal.com](mailto:Chee.Onn.Too@my.tricorglobal.com)
- Ms. Vivien Khoh : +603-2783 9091 / Email : [Vivien.Khoh@my.tricorglobal.com](mailto:Vivien.Khoh@my.tricorglobal.com)
- Mr. Alven Lai : +603-2783 9283 / Email : [Siew.Wai.Lai@my.tricorglobal.com](mailto:Siew.Wai.Lai@my.tricorglobal.com)



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