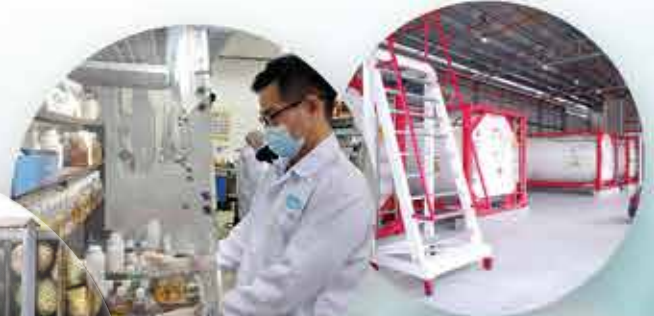




**HEXTAR GLOBAL BERHAD**

199001014551 (206220-U)



# ANNUAL REPORT 2023





## OUR MISSION

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



## OUR VISION

To become the preferred business partner and employer of choice, enriching lives with our products and solutions

## CORE VALUE

### Humility

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

### Excellence

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

### X - factor

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

### Trustworthy

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

### Adaptability

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

### Responsibility

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

# What's INSIDE

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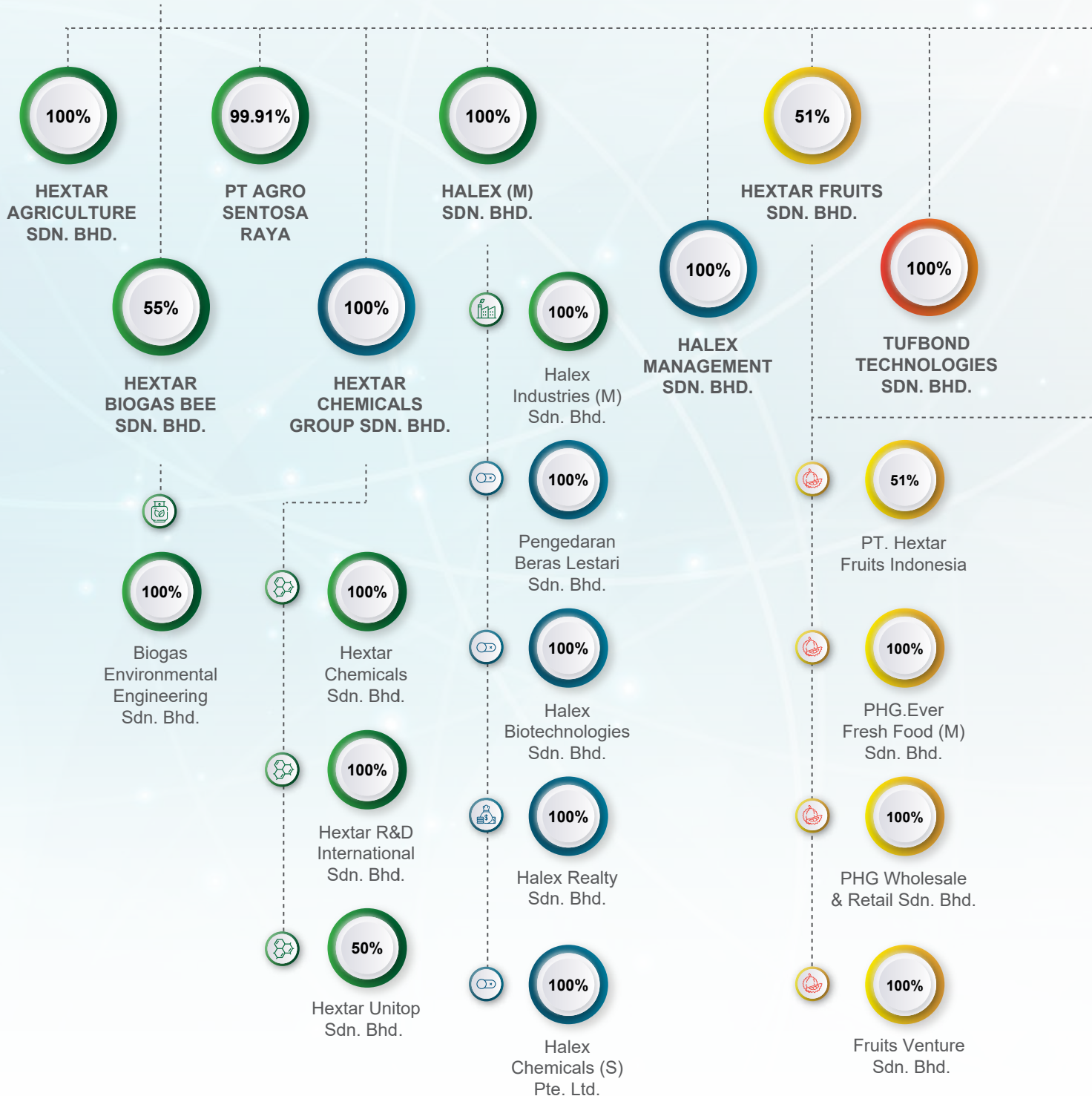
## CORPORATE STRUCTURE



## HEXTAR GLOBAL BERHAD

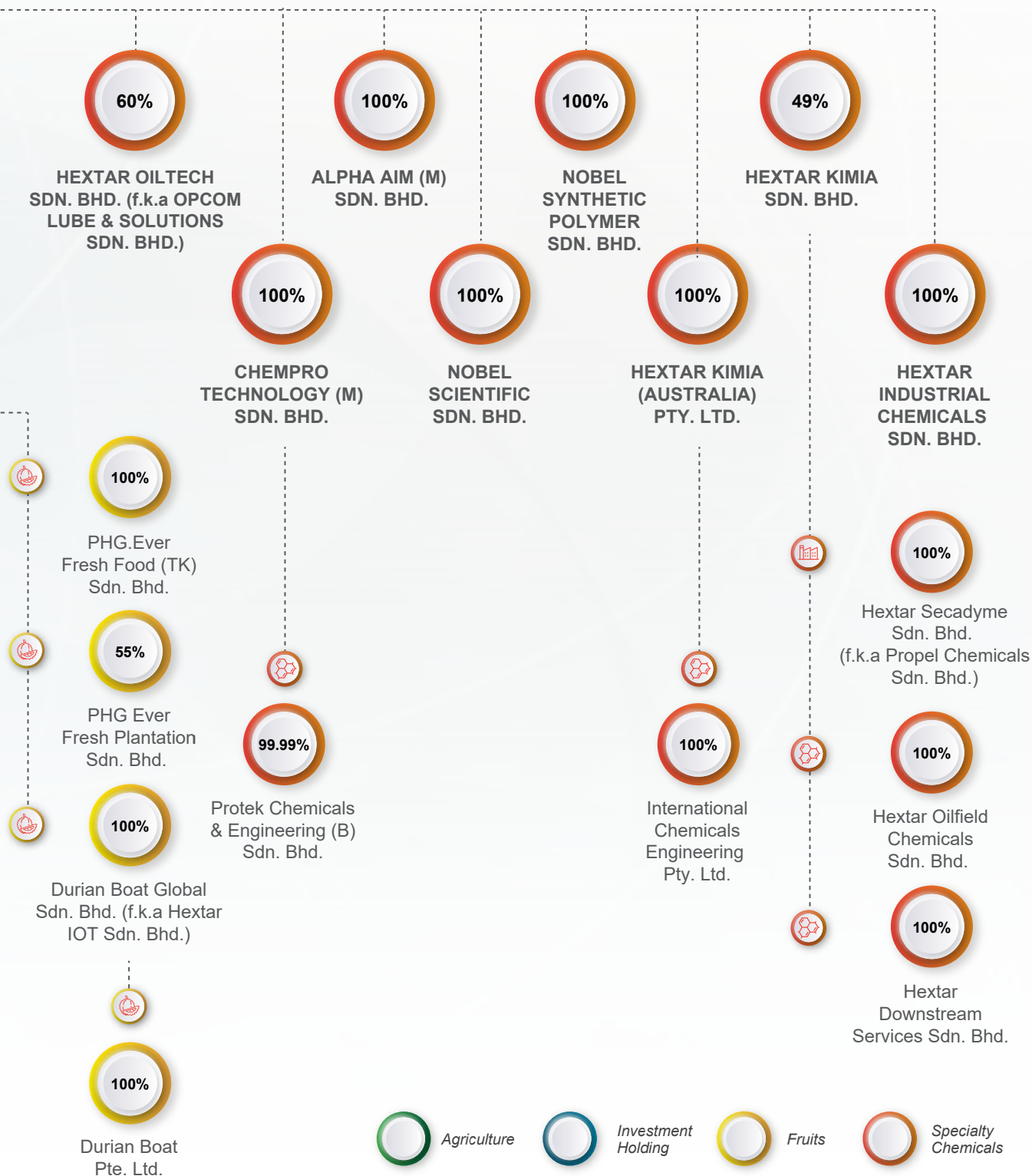
199001014551 (206220-U)

Our logo derives from our company name, which has been in use since 1985. At Hextar, our philosophy emphasises the empowerment of each subsidiary to become independent and competitive players in their respective industries. We proactively identify and nurture key talents within our organisation, enabling continuous career growth and advancement to fulfill the objectives of each subsidiary.



# CORPORATE STRUCTURE

cont'd





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

*Independent and  
Non-Executive Chairman*

**DATO' ONG SOON HO**

*Non-Independent and  
Non-Executive Vice Chairman*

**LEE CHOOI KENG**

*Group Managing Director*

**RAYBURN AZHAR BIN ALI**

*Executive Director*

**YEOH CHIN HOE**

*Senior Independent and  
Non-Executive Director*

**LIEW JEE MIN @ CHONG JEE MIN**

*Independent and 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 AND REMUNERATION COMMITTEE

*Chairman*

**Liew Jee Min @ Chong Jee Min**

*Members*

**Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir**

**Yeoh Chin Hoe**

### RISK MANAGEMENT COMMITTEE

*Chairman*

**Lee Chooi Keng**

*Members*

**Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir**

**Yeoh Chin Hoe**

### WHISTLEBLOWING COMMITTEE

*Chairman*

**Yeoh Chin Hoe**

*Members*

**Lee Chooi Keng**

**Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir**

### COMPANY SECRETARIES

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

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

### 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

Email : [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com)

# CORPORATE INFORMATION

cont'd

## AUDITORS

### Crowe Malaysia PLT

201906000005  
(LLP0018817-LCA) & AF 1018  
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 PAC (00612)

No. 190 Middle Road,  
#16-01/02/03 Fortune Centre,  
Singapore 188979.

### Stannards Accountants & Advisors Pty Ltd

A.C.N 006 867 441  
Level 1, 60 Toorak Road,  
South Yarra, Vic 3141.

### Lee & Raman (PKF Brunei)

B7, First Floor, Block B,  
Shakirin Complex,  
Kampung Kiulap,  
BE1518 Gadong B,  
Brunei Muara,  
Brunei Darussalam.

### PKF Hadiwinata

UOB Plaza, 42nd & 30th Floor,  
Jl. M.H. Thamrin, Lot 8-10,  
Central Jakarta 10230, Indonesia.

### TGS TW PLT

Unit E-16-2B, Level 16,  
ICON Tower (East)  
No. 1, Jalan 1/68F, Jalan Tun Razak,  
50400 Kuala Lumpur, Malaysia.

### CKS Associates

8B, Jalan Harmonium 35/2,  
Taman Desa Tebrau,  
81100 Johor Bahru, Johor, Malaysia.

## CORPORATE OFFICE

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

## 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  
Email : is.enquiry@my.tricorglobal.com

### 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 : HEXSTAR  
Stock Code : 5151

## PRINCIPAL BANKERS

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



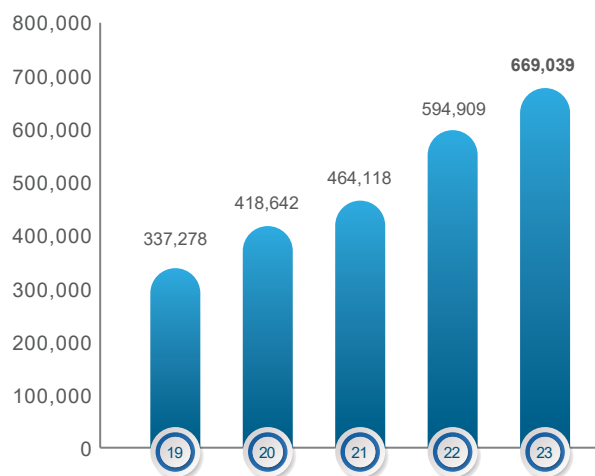
## FINANCIAL HIGHLIGHTS

GROUP FINANCIAL HIGHLIGHTS					
Financial Year Ended 31 December	2019	2020	2021	* 2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	337,278	418,642	464,118	594,909	669,039
Gross Profit ("GP")	65,770	91,028	105,008	171,307	203,626
Profit Before Taxation ("PBT")	11,182	56,688	53,565	78,946	91,278
Profit After Taxation ("PAT")	2,423	44,484	39,210	58,955	67,664
<b>Ratios</b>					
GP Margin	19.5%	21.7%	22.6%	28.8%	30.4%
PBT Margin	3.3%	13.5%	11.5%	13.3%	13.6%
PAT Margin	0.7%	10.6%	8.4%	9.9%	10.1%
Basic Earnings Per Share (Sen)	0.31	3.42	3.01	<sup>^</sup> 1.38	1.41

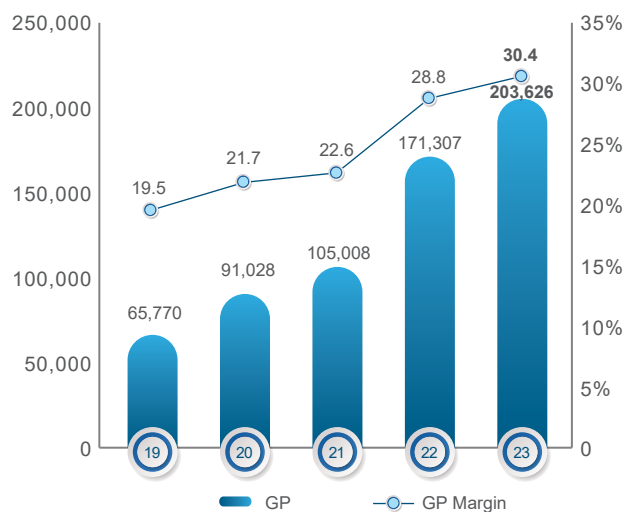
\* Restated to exclude discontinued operations

<sup>^</sup> Restated to reflect the effect of bonus issue

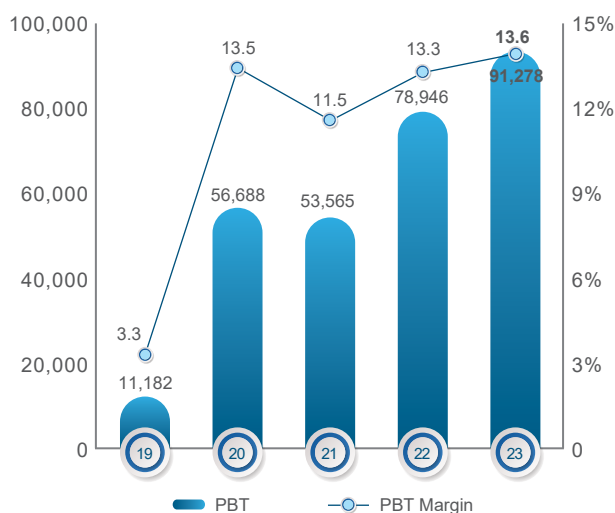
**REVENUE (RM'000)**



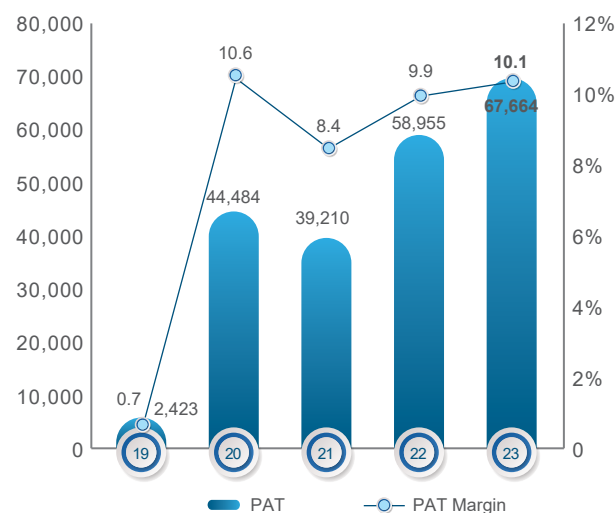
**GP (RM'000) & GP MARGIN (%)**



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



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



## BOARD OF DIRECTORS' PROFILE



### DATO' SRI DR. ERWAN BIN DATO' HAJI MOHD TAHIR

*Independent Non-Executive Chairman*

Malaysian Male 47 years old

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

Dato' Sri Dr Erwan has led and invested in a number of mergers and acquisitions, restructurings and financings, cross-border transactions, leveraged buyouts and other investment projects of various sizes and complexity and across a variety of sectors, including media and entertainment, consumer and retail, energy and resources, real estate and hospitality, commodities, and infrastructure.

He possesses an extensive network and experience in property development, mining, renewable energy, agriculture, defense technology, insurance, healthcare and education. He has served in senior positions at government departments, provided advisory services on public policy, socio-economic development, capacity building, institutional reform, change management and stakeholder management. Additionally, Dato' Sri Dr Erwan brings substantial experience in strategy, transformation, and business turnaround advisory.

In his global corporate experience, he has gained broad knowledge in business strategies, the ability to identify sustainable monetisation models, insights into customer dynamics and competitive landscapes, and the exploration of innovative business models with a focus remains dedicated to effective revenue generation and strategic cost management.

He graduated from the University of Wales (UK) with a Master's in Business Administration (MBA) in marketing management in 2005 and subsequently received a Doctorate in Philosophy (PhD) in Management in 2012.

Dato' Sri Dr Erwan's business journey commenced in 1997, he was awarded medium-scale contracts in construction, highways and painting. Among his first contracts 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 of timber and iron ore concessions in Pahang and Kelantan.

His major achievement was in 2009, when he started to diversify KBB Resources Bhd and its group of companies' ("KBB Group") business by taking over the largest switchgear and transformer company in the Malaysian power industry. In 2010, KBB Group took over the biggest rice vermicelli company in Malaysia which controls 80% of the local market. In 2012, he further expanded KBB Group's business into coal mining in Samarinda, West Kalimantan, Indonesia for export internationally. At present, KBB Group has also ventured into the defense and security industry supplying aircrafts, helicopters, boats, armored vehicles and artillery supplies to the military and police to strengthen their defense and security systems. In addition, KBB Group also ventured into the manufacturing of the first Malaysian-made electrical bus.

Currently, Dato' Sri Dr Erwan is also the Chairman and director of EPE Power Corporation Berhad, an unlisted public company. Save as disclosed, he does not hold any directorship in other listed corporation.

Dato' Sri Dr Erwan has no family relationship with any Director and/or major shareholder of the Group. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group. He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He attended eight (8) out of nine (9) Board meetings for the financial year ended 31 December 2023.



## BOARD OF DIRECTORS' PROFILE

cont'd



### DATO' ONG SOON HO

*Non-Independent  
Non-Executive Vice Chairman*

Malaysian Male 76 years old

**Dato' Ong Soon Ho** ("Dato' Ong") was appointed to the Board on 22 May 2017, bringing with him a wealth of experience as the founder of Hextar Chemicals Sdn Bhd. He plays a pivotal role in overseeing the growth and development of Hextar Group since its commencement.

He graduated with a Bachelor's Degree in Plant Pathology and Entomology from National Taiwan University and he furthered his academic pursuits by obtaining a Master's Degree in Mycology from the University of Aberdeen, Scotland, United Kingdom. He has over 30 years of professional experience, he has been an integral part of the senior management team of a multinational corporation, coupled with his extensive experience in the agricultural industry.

Dato' Ong is the father of Dato' Eddie Ong Choo Meng ("Dato' Eddie Ong"). Both of them are directors and shareholders of Hextar Holdings Sdn Bhd, the substantial shareholder of Hextar.

Save as disclosed, he has no family relationship with any Director and/or major shareholder of the Group and has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He does not hold any directorship in any public company and other listed corporation

He attended all nine (9) Board meetings for the financial year ended 31 December 2023.

## BOARD OF DIRECTORS' PROFILE

cont'd



### LEE CHOOI KENG

*Group Managing Director*

Malaysian Female 66 years old

**Madam Lee Chooi Keng** ("Madam Lee") was appointed to the Board on 22 May 2017. She was promoted to the position of Group Managing Director on 20 June 2023. Additionally, she also serves as the Chairperson of the Risk Management Committee and is a member of the Whistleblowing Committee.

She graduated with a Bachelor of Science, majoring in Chemistry. She commenced her career as a chemist before gaining extensive experience in a senior management position in the private sector of the agrochemical industry for over 40 years. Currently, she oversees the overall development and business operations of the Hextar Group.

Madam Lee has no family relationship with any Director and/or major shareholder of the Group. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

She has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

She does not hold any directorship in any public company and other listed corporation.

She attended all nine (9) Board meetings for the financial year ended 31 December 2023.



## BOARD OF DIRECTORS' PROFILE

cont'd



### YEOH CHIN HOE

*Senior Independent  
Non-Executive Director*

Malaysian Male 73 years old

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

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

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

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

- Director of Hextar Technologies Solutions Berhad; and
- Director of Chin Hin Group Berhad.

Mr Yeoh has no family relationship with any Director and/or major shareholder of the Group. He has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He attended all nine (9) Board meetings for the financial year ended 31 December 2023

## BOARD OF DIRECTORS' PROFILE

cont'd



**LIEW JEE MIN @  
CHONG JEE MIN**

*Independent Non-Executive Director*

Malaysian Male 64 years old

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

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

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

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

- Chairman of Hextar Healthcare Berhad;
- Chairman of Asteel Group Berhad (formerly known as YKGI Holdings Berhad); and
- Director of Parkson Holdings Berhad.

Mr Chong has no family relationship with any Director and/or major shareholder of the Group and has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He attended all nine (9) Board meetings for the financial year ended 31 December 2023.



## BOARD OF DIRECTORS' PROFILE

cont'd



### RAYBURN AZHAR BIN ALI

*Executive Director*

Malaysian Male 54 years old

**Mr Rayburn Azhar Bin Ali** ("Mr Rayburn") was appointed to the Board as Executive Director on 29 November 2022. His journey with the Group began as the Chief Executive Officer of Hextar Kimia Sdn Bhd following the acquisition of Hextar Kimia Sdn Bhd from ENRA Group Berhad by Hextar Global Berhad and Ekopintar Sdn Bhd on 23 July 2021.

He graduated with a Bachelor of Business Administration (Accountancy) from the University of Notre Dame, Indiana, USA. He started his career as an auditor and budget analyst in Chicago before gaining over 25 years of experience in senior management positions in the oil and gas industry, specialising in specialty chemicals.

Mr Rayburn joined Darul Karisma Group in 1998 as the General Manager of Business Development. He was later appointed as the Director and Chief Executive Officer of one of its subsidiaries, DK Kurita Sdn Bhd. In 2008, he joined Daya SecaDyme Sdn Bhd, a distributor of specialty chemicals and catalysts in the oil and gas industry under Daya Materials Berhad as Chief Operating Officer. He was subsequently promoted to Chief Executive Officer. In 2013, he concurrently held the position of Group Chief Operating Officer of Daya Materials Berhad before finally being promoted to Deputy Group Chief Executive Officer.

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

Mr Rayburn has no family relationship with any Director and/or major shareholder of the Group. He has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

He has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He does not hold any directorship in any public company and other listed corporation

He attended all nine (9) Board meetings for the financial year ended 31 December 2023.

## KEY SENIOR MANAGEMENT'S PROFILE



### LO NGEN LOI

*Managing Director of Hextar Chemicals Sdn Bhd  
Agriculture Segment*

Malaysian Male 67 years old

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

Mr Lo graduated with a Bachelor of Science with a major in Chemistry and Botany. He has more than thirty (30) years of industry experience, his diverse expertise spans product launching, serving as a product specialists in the regional market as well as excelling in marketing and portfolio management of agrochemicals for multinational corporations.

Mr Lo has no family relationship with any director and/or major shareholder of Hextar Group. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of his position which would be disadvantageous to Hextar Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies for the financial year ended 31 December 2023.

He has no directorship in any public companies.



### CHEN SEN LOON

*Managing Director of Halex (M) Sdn Bhd  
Agriculture Segment*

Malaysian Male 57 years old

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

Mr Chen joined Halex Industries (M) Sdn Bhd as a chemist in 1992, being promoted to Production Manager in 1993. He was then appointed as the General Manager in 2001 and his role to oversees the agrochemical manufacturing and export divisions.

Mr Chen graduated from Universiti Kebangsaan Malaysia (UKM) with a Bachelor of Chemistry (Honours) and obtained his Master of Business Administration from Heriot-Watt University, UK.

He has more than thirty (30) years of experience in the agrochemical industry, both as a chemist and in a senior management role.

Mr Chen has no family relationship with any director and/or major shareholder of Hextar Group and has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of his position which would be disadvantageous to Hextar Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

He has no directorship in any public companies.

## KEY SENIOR MANAGEMENT'S PROFILE

cont'd



### DR. LEE LENG CHOY

*Managing Director  
Research and Development*

Malaysian Male 51 years old

**Dr. Lee Leng Choy** ("Dr. Lee") is currently the Managing Director of the research and development division. He is responsible for Hextar Group's research and development operations and manages technical matters, as well as the business aspects of specialty chemicals.

Dr. Lee holding a Ph.D. in urban entomology and biochemistry, has developed a strong foundation and robust background in research and development and regulatory compliance of the crop protection industry in Asian market. With over twenty (20) years of industry experience, Dr. Lee has not only published more than twenty (20) peer reviewed publications but also has delivered over thirty-five (35) research papers at scientific meetings, showcasing his extensive expertise and contributions to the field.

Dr. Lee has no family relationship with any director and/or major shareholder of Hextar Group. In addition, he has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of his position which would be disadvantageous to Hextar Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies for the financial year ended 31 December 2023.

He has no directorship in any public companies.



### CHIAM LONG CHAI

*Managing Director  
Hextar Industrial Chemicals Sdn Bhd*

Malaysian Male 51 years old

**Mr Chiam Long Chai** ("Mr Chiam") is currently the Managing Director of the newly acquired subsidiary, Hextar Industrial Chemicals Sdn Bhd. He is responsible for the trading of industrial chemicals, overseeing business operations, and driving growth.

Mr Chiam graduated with a Bachelor of Business Studies, majoring in finance. He has more than twenty-five (25) years of experience in the industrial chemical industry. His extensive experience focusing on the administration, marketing and supply chain management of the business operations. He also has experience managing products in across various industries and has held expatriate positions abroad.

Mr Chiam has no family relationship with any director and/or major shareholder of Hextar Group and no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of his position which would be disadvantageous to Hextar Group. He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies for the financial year ended 31 December 2023.

He has no directorship in any public companies.



## KEY SENIOR MANAGEMENT'S PROFILE

cont'd



### LIAN DAZHI

*Managing Director  
Biogas Engineering Business*

China Female 70 years old

**Ms Lian Dazhi** ("Ms Lian") is currently the Managing Director of Hextar Biogas BEE Sdn Bhd and Biogas Environment Engineering Sdn Bhd. She is responsible for driving the biogas business's operations.

Ms Lian graduated from China Chongqing University with a Bachelor in Automatic Specialised Control. She has more than forty (40) years of experience in methane project application technology, computer control system and electrical machinery.

Ms Lian's professional journey includes roles as an engineer at the Chinese Academy of Science Computer Application Research Institute and the Chinese Sichuan Ecology Resources Environmental Protection Research Institute. She also served as the General Manager at Lanke Medical Service Research Center, Taishan Rock & Soil Engineering (M) Sdn Bhd and Jiamia (M) Sdn Bhd, showcasing her versatile expertise and leadership in various capacities.

Ms Lian has no family relationship with any director and/or major shareholder of Hextar Group and has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of her position which would be disadvantageous to Hextar Group. She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

She has no directorship in any public companies.



### PHAN NEE CHIN

*Chief Financial Officer  
Group Financial Department*

Malaysian Female 46 years old

**Ms Phan Nee Chin** ("Ms Phan") is currently serves as the Chief Financial Officer and Company Secretary of Hextar Group. She graduated from the University of Malaysia with a Bachelor's degree in Accounting and is a Chartered Accountant with the Malaysian Institute of Accountants.

Ms Phan has professional working experience spanning over twenty (20) years in the areas of auditing, accounting, finance and administration. She embarked on her career with a local medium-sized accounting firm and has since held several senior finance positions in a both private and public companies. She joined Hextar Group on 16 March 2020 as Financial Controller, and she ascended to the role of Chief Financial Officer on 1 January 2023. In addition to her financial leadership, she serves as the Company Secretary of Hextar Group, showcasing her diverse and contributions to Hextar Group.

Ms Phan has no family relationship with any director and/or major shareholder of Hextar Group. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of her position which would be disadvantageous to Hextar Group. She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

She has no directorship in any public companies.

## MANAGEMENT DISCUSSION AND ANALYSIS



We are very pleased to have delivered another year of strong revenue growth. This is the second consecutive year our revenue surpassed the RM600 million threshold, a reflection of our strong, sustainable fundamentals. We are poised to seize new opportunities for wider market outreach of our products as well as to continue our growth trajectory in the coming years.

**LEE CHOOI KENG**  
Group Managing Director

### OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Historically, Hextar Global Berhad ("Hextar" or the "Company") together with its subsidiaries ("Hextar Group" or the "Group") were principally engaged in the following business activities:

Segments	Principal activities
Agriculture	Manufacturing and distribution of agrochemicals such as herbicides, insecticides, fungicides, rodenticides and miticides.
Specialty Chemicals	Manufacturing and distribution of specialty chemicals such as sanitising chemicals, chemical derivatives, coating, liquid odorant, dosing systems, gas and the chemical related services, polymers, adhesive products and provision of technical assistance.
Consumer Products	Manufacturing and distribution of consumer products, such as wet wipes, tissue and cotton-based products.

During the financial year ended 31 December ("FY") 2023, the Group undertook the following strategic initiatives:

- (i) On 15 May 2023, the Group entered into 2 share sale agreements to dispose of its entire equity interest in Halex Marketing Sdn Bhd and Halex Woolton (M) Sdn Bhd ("HWMSB"), which marks the divestment of the Consumer Products segment. The disposals were undertaken to curb losses from this segment and to reallocate resources to other profitable businesses. Both disposals were completed on 6 June 2023 and the cash consideration of RM3.5 million were used for the Group's working capital.
- (ii) On 15 May 2023, the Group entered into a share sale agreement to acquire the entire equity interest in Hextar Industrial Chemicals Sdn Bhd ("HICSB"), to tap on HICSB's strength in trading and distribution of industrial chemicals and to complement the Group's manufacturing and distribution of agrochemicals and specialty chemicals. This acquisition was completed on 22 June 2023 and the cash consideration of RM10.0 million was fully paid out from the Group's internal funds.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- (iii) On 3 July 2023, the Group's 51% owned subsidiary, Hextar Fruits Sdn Bhd entered into a share sale agreement to acquire the following entities:
- (a) entire equity interest in PHG.Ever Fresh Food (M) Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd and PHG Wholesale & Retail Sdn Bhd; and
  - (b) 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd

(collectively referred to as the "PHG Group").

The acquisition of PHG Group marks the Group's diversification into the trading and distribution of durians. Apart from gaining a new line of business for sustainable growth, this also creates new opportunities for the Group to supply agrochemicals and fertiliser products to the durian plantation. This acquisition was completed on 26 October 2023 and the cash consideration of RM84.0 million was fully paid out from the Group's internal funds (RM34.0 million) and bank borrowings (RM50.0 million).

- (iv) On 27 October 2023, the Group's 49% owned subsidiary, Hextar Kimia Sdn Bhd, entered into a share sale agreement to acquire the entire equity interest in Hextar Secadyme Sdn Bhd (formerly known as Propel Chemicals Sdn Bhd) ("HSSB"), to further expand its Specialty Chemicals segment and strengthen its foothold in the provision of environment chemical services to the oil and gas industry. This acquisition was completed on 3 November 2023 and the cash consideration of RM16.5 million was fully paid out from the Group's internal funds.

With the above initiatives, Hextar Group now:

- (i) owns and operates 7 manufacturing facilities across Peninsular Malaysia and Indonesia (3 for the Agriculture segment, 3 for the Specialty Chemicals segment, and 1 for the Fruits segment);
- (ii) has more than 30% local market share for supplying agrochemicals to major plantation companies;
- (iii) is engaged in the trading and distribution of durians including a durian processing factory in Raub equipped with facilities such as advanced liquid nitrogen freezers and cold storage to keep durians fresh and preserved for export purposes;
- (iv) has an established research and development ("R&D") team to register pesticides both locally and globally. The laboratory under Hextar R&D International Sdn Bhd is OECD-GLP (Good Laboratory Practice) accredited to perform phychem study, which the study generated is recognised by country that requires OECD-GLP standard of report in pesticide registration. OECD-GLP study is the standard adopted by many countries, hence enabling data compliance and reducing regulatory and business risk. Hextar Group exports to more than 30 countries in which mostly are OECD-GLP required;
- (v) has a dedicated team to perform market development, fieldwork, product technical talks and training on safe handling of pesticides and spray calibration, allowing the Group to create brand awareness and loyalty;
- (vi) has 24-hour / 365-day technical assistance to support the sale of specialty cleaning chemicals;
- (vii) has a dedicated team of in-house technicians with extensive experience to produce tailor-made formulations (specialty chemicals) to be used in the rubber glove industry;
- (viii) is the leading oil & gas specialty chemical distributor in Malaysia, with presence in Australia and New Zealand where the Hextar Group is the exclusive agent to 12 international principals for oil & gas specialty chemicals.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## OVERVIEW OF OPERATING ACTIVITIES

### Agriculture

In the first half of FY2023, the Agriculture segment was affected by volatility in global commodity prices. Both raw material cost and selling prices were trending down, which resulted in compressed margins. Demand was also affected as customers took a wait-and-see approach and delayed purchases in anticipation of lower selling prices. In the face of lower demand and selling prices, the Group took an active approach in managing inventory to ensure that it is not caught with high priced stocks in a low-price environment. Earnings improved significantly in the second half of the year, contributed mainly by favourable selling prices for herbicides.

As Hextar Group adopts a cost-plus model and has been able to renegotiate pricing terms with longstanding customers and suppliers, the Group has maintained healthy margins in the last 3 years, despite volatile raw material prices. Further, the Group remains the market leader in the domestic agrochemical industry and has more than 30% local market share for supplying agrochemicals to major plantation companies.

Following the acquisition of PHG Group, the Group is now collaborating with durian farmers to develop agrochemicals for use in durian plantations. PHG Group has access to over 3,000 farmers, facilitating this strategic initiative.

### Specialty Chemicals

Following the acquisitions in 2021 for this segment, Hextar Group is now reaping the benefits in the form of wider customer base, expanded product offerings and synergistic benefits such as sharing of warehousing and R&D facilities.

FY2023 saw strong revenue growth for the Specialty Chemicals segment, led by the better performance of the oil and gas industry as well as higher export of specialty chemicals for the rubber glove industry in Thailand. This segment continues to achieve healthy earnings through increased demand from institutions, hotels and restaurants for specialty cleaning chemicals, following the reopening and recovery of economic after the COVID-19 pandemic.

Further, earnings improvement for this segment was also contributed by the assimilation of HICSB in second quarter of FY2023. The Group continues to nurture this segment through effective pricing strategy and careful monitoring of operating costs.

### Consumer Products (divested)

The Consumer Products segment was divested in the second quarter of FY2023 and ceased to contribute to the Group's financial performance.

### Fruits

The acquisition of PHG Group was completed in the last quarter of FY2023. The PHG Group is principally engaged in the trading, wholesale and export of durians and owns a small-scale durian plantation in Raub, Pahang. PHG Group is also involved in the processing of durians including producing durian paste, pulp and whole frozen fruits as well as trading of a variety of tropical and subtropical fruits.

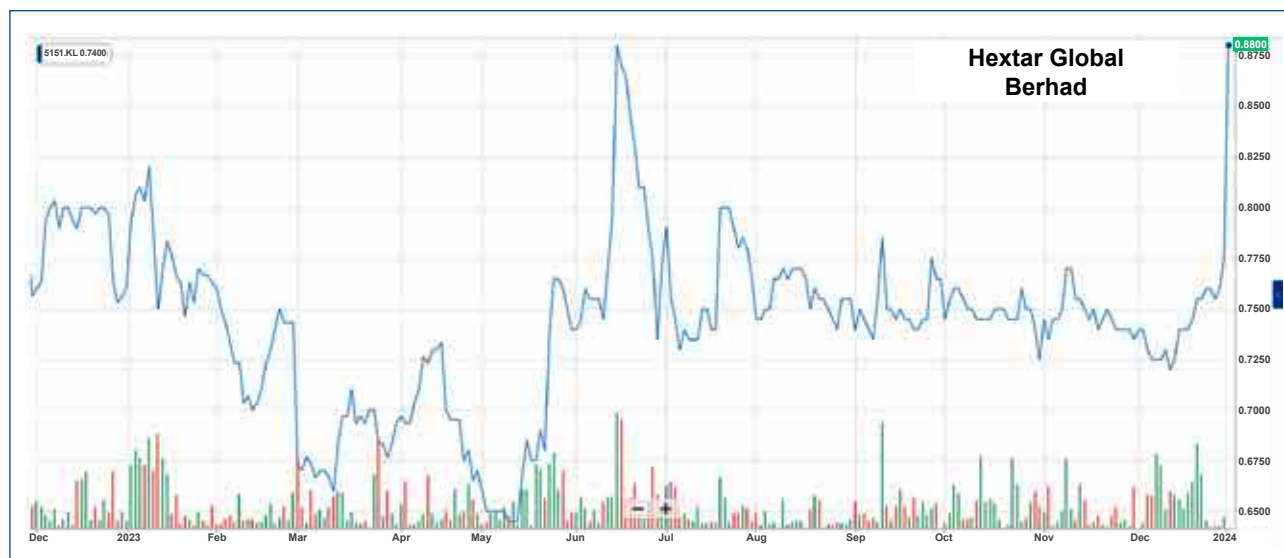
The Fruits segment currently supplies more than 3,000 tonnes of durians annually to countries like China, Indonesia, Singapore, the United States of America, Australia and New Zealand.

The Group intends to leverage its industry know-how and the network and relationship built with key suppliers and customers over the years to drive the durian business. The Group will also be adopting e-commerce into this business.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## SHARE PRICE PERFORMANCE



Hextar's share price started the year at RM2.38 on 3 January 2023 and remained above RM2.00 until 17 April 2023.

On 28 February 2023, Hextar undertook a bonus issue on the basis of 2 bonus shares for every 1 existing share held by entitled shareholders ("Bonus Issue"). The Bonus Issue was approved by shareholders at an extraordinary general meeting held on 31 March 2023. The entitlement date and listing date of the bonus shares were on 18 April 2023 and 19 April 2023 respectively.

Following the Bonus Issue, the share price of Hextar was adjusted by a factor of 1/3 (for every 1 Hextar share held, a shareholder will end up with 3 Hextar shares). Since the completion of the Bonus Issue on 19 April 2023, the share price of Hextar has maintained above RM0.645 and closed at RM0.775 on 29 December 2023, yielding a market capitalisation of RM2.96 billion as at end of FY2023.

## FINANCIAL PERFORMANCE

	FY2023 RM'000	FY2022 RM'000	Variance RM'000	%
<b>Revenue from continuing operations</b>				
Agriculture	345,630	369,537	(23,907)	(6.5)
Specialty Chemicals	271,162	225,371	45,791	20.3
Fruits	52,096	-	52,096	N/A
Others	151	1	150	>100
<b>Total</b>	<b>669,039</b>	<b>594,909</b>	<b>74,130</b>	<b>12.5</b>
Gross profit ("GP")	203,626	171,307	32,319	18.9
Profit before taxation ("PBT")	91,278	78,946	12,332	15.6
Profit after taxation ("PAT")	67,664	58,955	8,709	14.8
GP margin (%)	30.4	28.8		1.6
PBT margin (%)	13.6	13.3		0.3
PAT margin (%)	10.1	9.9		0.2

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Revenue

In FY2023, Hextar's revenue from continuing operations grew to RM669.0 million as compared to a revenue of RM594.9 million in the previous financial year, an increase of 12.5%. This growth was primarily driven by the Specialty Chemicals and Fruits segments.

The Specialty Chemicals segment recorded strong growth, led by better performance from the oil and gas industry as well as higher export of specialty chemicals for the rubber glove industry. Earnings improvement for this segment was also contributed by the assimilation of HICSB in second quarter of FY2023. The acquisition of PHG Group (under the Fruits segment) contributed further to the revenue growth of the Group.

However, these gains were offset by lower revenue contribution from the Agriculture segment. As stated earlier, the decline in revenue for this segment was mainly due to lower selling prices in the first half of FY2023.

The Consumer Products segment was divested in the second quarter of FY2023 and ceased to contribute to the Group's financial performance.

## Agriculture

The Agriculture segment made up 51.7% of the Group's revenue from continuing operations. During the financial year, revenue from the Agriculture segment declined by 6.5% to RM345.6 million.

Herbicides accounted for 59.2% of this segment's revenue, followed by insecticides at 18.8% and other agrochemical products at 22.0%.

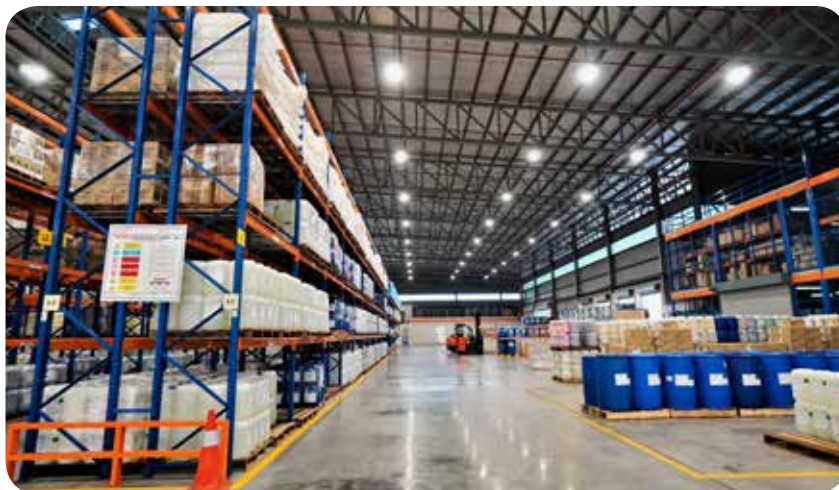
In terms of geographical contribution, overseas made up 18.5% while the local market made up 81.5%.

## Specialty Chemicals

The Specialty Chemicals segment made up 40.5% of the Group's revenue from continuing operations. During the financial year, revenue from the Specialty Chemicals segment increased by 20.3% to RM271.2 million.

Oil and gas chemicals accounted for 38.3% of this segment's revenue, followed by institutional cleaning chemicals at 32.5% and rubber gloves chemicals at 19.8%.

In terms of geographical contribution, overseas made up 19.6% while the local market made up 80.4%.





# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Fruits

The acquisition of PHG Group was completed in the last quarter of FY2023. As a result, the Group is now involved in the trading and distribution of durians.

The Fruits segment made up 7.8% of the Group's revenue from continuing operations at RM52.1 million, mainly derived from peak durian season at year end.

Frozen durian accounted for 50.6% of this segment's revenue, followed by fresh durian at 35.4% and other products at 14.0%.

In terms of geographical contribution, overseas made up 70.6% while the local market made up 29.4%.



In line with revenue growth, the Group's GP increased by 18.9% from RM171.3 million in FY2022 to RM203.6 million in FY2023. GP margin for FY2023 was 30.4%, an increase of 1.6% from the previous financial year.

In terms of segmental profits, the Specialty Chemicals segment recorded an increase of RM7.9 million, even though margins were slightly lower at 22.3%. The Group began recording segmental profits of RM12.6 million for the Fruits segment after the acquisition of PHG Group.

Continuing operations	FY2023 RM'000	FY2022 RM'000
<b><u>Agriculture</u></b>		
Revenue	345,630	369,537
Segmental profit	41,186	43,431
Margin (%)	11.9	11.8
<b><u>Specialty Chemicals</u></b>		
Revenue	271,162	225,371
Segmental profit	60,476	52,602
Margin (%)	22.3	23.3
<b><u>Fruits</u></b>		
Revenue	52,096	-
Segmental profit	12,593	-
Margin (%)	24.2	-

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Other income increased from RM4.3 million in FY2022 to RM4.8 million in FY2023, an increase of 11.4%. This was mainly attributed by the bargain purchase from the acquisition of HSSB.

Selling and marketing expenses increased from RM19.1 million in FY2022 to RM21.1 million in FY2023, an increase of 10.3%. This was mainly due to the inclusion of new subsidiaries acquired during the financial year.

Administrative and other expenses increased from RM64.9 million in FY2022 to RM73.4 million in FY2023, an increase of 13.1%. This was mainly due to the inclusion of new subsidiaries acquired during the financial year (which led to higher staff costs) as well as the impairment of intangible assets (trademark and patents). The Group also incurred additional costs (such as professional fees) for the acquisition of new subsidiaries during the financial year.

Finance costs increased from RM11.3 million in FY2022 to RM21.1 million in FY2023, a rise by RM9.8 million. This was mainly due to increase in bank borrowings to fund the acquisition of PHG Group and additional working capital requirements in line with higher business volume. Within the finance costs, RM5.5 million was attributed to interest expenses related to the variable deferred consideration arising from the acquisition of specialty chemicals businesses.

Taxation increased from RM20.0 million in FY2022 to RM23.6 million in FY2023, an increase of 18.1%. The Group's effective tax rate of 24.6% was slightly higher than the statutory tax rate of 24% due to non-deductible expenses and the provision of deferred tax.

The Group reported strong PAT growth from RM59.0 million in FY2022 to RM67.7 million in FY2023, an increase of 14.8%, mainly due to improved earnings from the Specialty Chemicals segment as well as contribution from the new Fruits segment. The Group's strategic decision to acquire profitable businesses within the Specialty Chemicals segment has yielded positive results. This is further enhanced by the subsequent acquisition of PHG Group (Fruits segment). Moving forward, the Group hopes to replicate this pattern of success for future acquisitions.

### FINANCIAL POSITION

	31 December 2023	31 December 2022	Variance	
	RM'000	RM'000	RM'000	%
Non-current assets	343,172	273,994	69,178	25.2
Current assets	535,481	348,324	187,157	53.7
<b>Total assets</b>	<b>878,653</b>	<b>622,318</b>	<b>256,335</b>	<b>41.2</b>
Non-current liabilities	174,033	189,706	(15,673)	(8.3)
Current liabilities	445,386	199,731	245,655	>100
<b>Total liabilities</b>	<b>619,419</b>	<b>389,437</b>	<b>229,982</b>	<b>59.1</b>
<b>Net assets</b>	<b>259,234</b>	<b>232,881</b>	<b>26,353</b>	<b>11.3</b>
Current ratio (times)	1.20	1.74		
Gearing ratio (times)	1.48	1.01		
Net assets per share (RM)	0.07	0.06 <sup>^</sup>		

<sup>^</sup> Restated to reflect the effect of bonus issue.

### Assets

Total assets increased from RM622.3 million as at 31 December 2022 to RM878.7 million as at 31 December 2023, an increase of 41.2%. This was driven by the addition of property, plant and equipment ("PPE") and goodwill as well as higher receivables and inventories arising from the acquisition of PHG Group, HICSB and HSSB.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Non-current assets increased from RM274.0 million as at 31 December 2022 to RM343.2 million as at 31 December 2023, an increase of 25.2%. This was mainly due to:

- (i) PPE increased by RM45.5 million, mainly from the acquisition of new subsidiaries as set out above; and
- (ii) intangible assets increased by RM24.9 million, mainly due to recognition of goodwill amounting to RM26.9 million from the acquisition of new subsidiaries (PHG Group and Hextar Oiltech Sdn Bhd).

Current assets increased from RM348.3 million as at 31 December 2022 to RM535.5 million as at 31 December 2023, an increase of 53.7%. This was mainly due to:

- (i) inventories increased by RM48.3 million, which came mainly from the newly acquired subsidiaries with inventory value of RM66.6 million;
- (ii) trade receivables increased by RM27.1 million, in line with higher revenue;
- (iii) other receivables, deposits and prepayments increased by RM50.6 million, mainly from the reclassification of amount owing by HWMSB to other receivables after its disposal as well as the increase of RM20.7 million in prepayments for Letter of Credit; and
- (iv) deposits with licensed banks increased by RM18.3 million, due to the inclusion of new subsidiaries.

## Liabilities

Total liabilities increased from RM389.4 million as at 31 December 2022 to RM619.4 million as at 31 December 2023, an increase of 59.1%. This was driven by the significant increase in current liabilities.

Non-current liabilities decreased from RM189.7 million as at 31 December 2022 to RM174.0 million as at 31 December 2023, a decrease of 8.3%. This was mainly due to:

- (i) lease liabilities decreased by RM5.8 million, driven by partial repayment for the lease of warehouse and operating plant;
- (ii) reclassification of variable deferred consideration for prior year acquisitions amounting to RM25.1 million from non-current liabilities to current liabilities;
- (iii) higher term loan of RM10.2 million which arose mainly from the consolidation of term loan from PHG Group; and
- (iv) deferred tax liabilities increased by RM5.7 million from the acquisition of new subsidiaries and revaluation of properties.

Current liabilities increased from RM199.7 million as at 31 December 2022 to RM445.4 million as at 31 December 2023, an increase of 123.0%. This was mainly due:

- (i) short-term bank borrowings increased by RM143.7 million, which was used to finance payment to suppliers, additional working capital and acquisition of PHG Group.
- (ii) trade payables increased by RM19.2 million, in line with higher purchases; and
- (iii) other payables, deposits received and accruals increased by RM64.2 million (of which RM54.0 million relates to deferred consideration for the acquisition of PHG Group).

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### Equity

Shareholders' equity increased from RM232.9 million as at 31 December 2022 to RM259.2 million as at 31 December 2023, an increase of 11.3%. This was mainly due to:

- (i) PAT of RM67.7 million for FY2023;
- (ii) the declaration of the second interim single-tier dividend of 2.0 sen per ordinary share in respect of FY2022, amounting to approximately RM25.7 million;
- (iii) the RM23.9 million reduction in non-controlling interests which reflects the goodwill portion allocated from the acquisition of PHG Group; and
- (iv) reversal in the cost of treasury shares which were resold during the year amounting to RM9.2 million.

### CASH FLOWS

	FY2023 RM'000	FY2022 RM'000	Variance RM'000	%
Net cash from operating activities	36,402	99,994	(63,592)	(63.0)
Net cash used in investing activities	(91,390)	(13,868)	(77,522)	> 100
Net cash from / (used in) financing activities	64,178	(93,470)	157,648	< (100)
Net change in cash and cash equivalents	9,191	(7,344)	16,535	< (100)

#### Net cash from operating activities

Net cash from operating activities was RM36.4 million in FY2023. PBT from continuing operations was RM91.3 million while loss before tax from discontinued operations was RM2.0 million.

Operating profit before working capital changes was RM126.1 million, after adjusting for the following major items:

- (i) depreciation amounting to RM15.7 million; and
- (ii) interest expense amounting to RM21.3 million.

Cash from operations was RM71.9 million, after adjusting for the following major items:

- (i) increase in inventories amounting to RM19.4 million;
- (ii) decrease in receivables amounting to RM70.5 million; and
- (iii) increase in payables amounting to RM36.1 million.

Interest paid was RM15.9 million while income tax paid was RM19.6 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Net cash used in investing activities

Net cash used in investing activities was RM91.4 million in FY2023. Major cash outflows stem from:

- (i) acquisition of subsidiaries net of cash acquired amounting to RM37.3 million (see Overview of the Group's Business and Operations for further details);
- (ii) increase in pledged deposits with licensed banks amounting to RM22.4 million;
- (iii) payment of variable deferred consideration amounting to RM27.2 million. This was for prior year acquisitions of Nobel Synthetic Polymer Sdn Bhd, Nobel Scientific Sdn Bhd, Chempro Technology (M) Sdn Bhd and Alpha Aim (M) Sdn Bhd;
- (iv) placement of short-term investments amounting to RM5.0 million; and
- (v) purchase of PPE amounting to RM8.5 million.

Major cash inflows stem from:

- (i) disposal of subsidiaries net of cash disposed of amounting to RM3.2 million (see Overview of the Group's Business and Operations for further details); and
- (ii) disposal of assets classified as held for sale (i.e. condominium and a 3-storey office building) amounting to RM5.4 million.

## Net cash from financing activities

Net cash from financing activities was RM64.2 million in FY2023. Major cash outflows stem from:

- (i) payment of dividends amounting to RM29.3 million;
- (ii) repayment of revolving credit amounting to RM392.5 million; and
- (iii) repayment of term loans amounting to RM21.4 million.

Major cash inflows stem from:

- (i) drawdown of revolving credit amounting to RM424.8 million; and
- (ii) drawdown of term loan amounting to RM28.4 million;
- (iii) net increase in bank borrowings by RM47.4 million; and
- (iv) resale of treasury shares amounting to RM13.0 million.

## KEY RISKS AND MITIGATING FACTORS

Risk is inherent in the Group's operations and the Board of Directors is responsible for managing the Group's risk and making sure internal control systems are in place.

In this respect, the Group's objectives are to maximise returns and minimise the impact of adverse outcomes in the pursuit of business opportunities. By effectively balancing risk and reward, this enhances shareholder value.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Credit risk

Credit risk is the potential for third parties failing to meet their obligations under the terms of a financial instrument. In the course of supplying products or services to its customers, the Group is exposed to counterparty risks from entities such as public or private companies and government-linked entities. To limit this risk, the Group selects its customers carefully (based on criteria like market reputation, credit rating and historical profitability), limits its exposure to a particular customer and adopts ongoing monitoring procedures.

## Liquidity risk

The Group may encounter difficulty in meeting its financial obligations. To manage this risk, the Group ensures that cash, credit facilities and other financial resources are readily available to meet its current commitments and future obligations.

## Interest rate risk

Changes in interest rates may cause fluctuations in the future cash flow or fair value of the Group's financial instruments. If interest rates rise, the interest expense on the Group's floating-rate loans will increase and this may affect its financial performance as well as cash flow commitment to meet those loan obligations. As best as possible, the Group enters into fixed-rate financing agreements or hedging agreements (if necessary).

## Fluctuations in foreign exchange rates

Some of the Group's transactions are denominated in United States Dollar (USD), Renminbi (RMB) and Singapore Dollar (SGD), making it susceptible to currency fluctuations that may impact its capital costs and operational expenses. To mitigate this risk, the Group monitors closely its foreign assets and liabilities, ensuring that its net exposure stays within acceptable limits. In addition, the Group maintains foreign currency balances and may adopt hedging strategies such as entering into forward contracts.

## Market competition

The Group faces competition from existing competitors and/or new entrants into the various business segments that it operates. The Group remains competitive through improving its existing products or services while continuously expand its product range. This is made possible through the Group's strong in-house R&D capabilities, allowing the Group to constantly develop new and better products to meet customer needs (for e.g. producing tailor-made formulations (specialty chemicals) to be used in the rubber glove industry).

The Group also maintains a good relationship with its distribution partners to ensure that its products are delivered effectively to existing and potential customers. For business growth, the Group will continue to explore new opportunities for product and/or geographical expansion and focus on establishing long-term partnerships with customers.

## Political, economic and regulatory risk

The agrochemical industry is highly regulated worldwide, requiring registrations with respective governments. Changes in government policies may give rise to new compliance practices. Before a product is launched, such product undergoes costly and time-consuming trials. Further, the use of genetically modified seeds for certain crops may decrease the demand for pesticides, potentially affecting Hextar Group's business growth.

The Group boasts an in-house R&D team that not only drives product innovation but handles product registration matters. To strengthen its product development capabilities, the Group continues to invest in its employees through training and development programs.

Political and economic uncertainties may impact demand and supply conditions. A change in the political situation in the geographical markets where the Group serves or procure its supplies from, may adversely affect its operations, not just in terms of business continuity but also the cost of doing business.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Diversification risk

Hextar Group diversified into the trading and distribution of durians in FY2023. While business diversification brings new growth opportunities, this may also invite new risks to the Group. Such risks include competition with existing or new market players, changes in demand and supply conditions as well as having suitable personnel or expertise to manage and grow the new business segment.

As the Group continues to explore strategic acquisitions or business diversification, this will be done carefully to ensure that it is in the best interest of the Group and shareholders. To this end, the Group will ensure that proper market studies and due diligence has been carried out and that such opportunities are indeed earnings accretive.

## DIVIDEND

Since 2019, Hextar has paid regular dividends. This is a token of appreciation for the continuous support of shareholders. This being said, the quantum of dividends will depend on several factors, such as the Group's financial performance, sufficiency of financial resources to support current and future growth as well as the need to continuously reward shareholders.

In respect of FY2022, Hextar declared and paid a total dividend of 3.0 sen per ordinary share, amounting to approximately RM38.6 million.

In respect of FY2023, Hextar declared a first interim single-tier dividend of 1.0 sen per ordinary share amounting to approximately RM38.8 million.

## FUTURE PROSPECTS

### Agriculture

Hextar is optimistic on the outlook for this segment due to the following factors:

- growing population increases demand for food and greater concern for food security;
- reduction in arable land caused by population growth, urbanisation and industrialization poses a challenge for sustaining agricultural production;
- incentives introduced by the Malaysian government in Budget 2024 (with an allocation of more than RM3.0 billion) to increase productivity within the palm oil and rubber industries, which is expected to increase demand for pesticides; and
- the acquisition of HICSB – HICSB's strength in trading and distribution of industrial chemicals complements the Group's manufacturing and distribution of agrochemicals.

The Group's focus for this segment is to maintain its local market leadership position and to explore new markets. It remains committed to its ESG agenda and continuously invests in developing products that are effective while reducing the environmental impact of its business operations and products.

### Specialty Chemicals

Hextar is optimistic on the outlook for this segment due to the following factors:

- increased demand from institutions, hotels and restaurants for specialty cleaning chemicals following the reopening and recovery of the economic after the COVID-19 pandemic;
- the Group's effort in strengthening its marketing activities (scouting for talent to increase market coverage and boosting its technical team);

## MANAGEMENT DISCUSSION AND ANALYSIS

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- increased demand from the oil and gas industry. The Group acquired Hextar Kimia Sdn Bhd in 2021, which supplies specialty chemicals (such as catalysts and odorants as well as ancillary services for those products) to the oil and gas and petrochemical industries in Malaysia, Australia and New Zealand; and
- the acquisition of HICSB as stated above.

In addition, the special derivative and coating chemicals used in rubber glove production are expected to have moderate growth, and the oversupply situation is expected to be less acute and rubber glove manufacturers gradually reduce production capacity via decommissioning of production plants.

The Group's focus for this segment encompasses in the following areas:

- continue to enhance product offerings through R&D;
- develop new chemical innovations to create higher value products; and
- diversify and expand to other Asian markets beyond Malaysia.

### Fruits

Hextar is optimistic on the outlook for this segment due to the following factors:

- growing awareness and appreciation for durian from consumers domestically and globally, particularly for the "Musang King" variety;
- potential growth in demand from Asia (in particular China). Durian has garnered rapid popularity among Chinese consumers, leading it to become the top fruit import item in terms of both volume and value in the country; and
- continued support from the Malaysian government particularly in the marketing and promotion of durian internationally.

Following the diversification into the trading and distribution of durians, the Group remains vigilant in managing this new business segment and will explore new opportunities to expand its geographical outreach.

### CONCLUSION

Since the opening of major economies worldwide as well as Malaysia's own economy in May 2021, Hextar Group has been treading a path of recovery and growth. Despite the challenges of operating in a post-pandemic environment, the Group managed to endure these challenges and continued to record year-on-year growth since FY2021 and broke the RM600 million mark in FY2022.

In FY2023, Hextar Group continued to scale greater heights, with revenue totalling RM669.0 million. In the current financial year, the Group continued its acquisition momentum with the assimilation of new businesses for its Agriculture and Specialty Chemicals segment as well as diversifying into trading and distribution of durians (see Overview of the Group's Business and Operations for further details).

For FY2024, Hextar Group remains optimistic that it will continue to deliver strong and sustainable results. The Group expects sustained demand for its products and will remain resilient in spite of the challenges ahead. As the Group continues to implement its strategies and initiatives, it is poised to take on new opportunities for wider market outreach of its products as well as to continue its growth trajectory in the coming years.



# SUSTAINABILITY STATEMENT

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







# SUSTAINABILITY STATEMENT

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## ABOUT THIS SUSTAINABILITY REPORT

At Hextar, we are committed to leading with purpose, integrating sustainability into every facet of our business. We recognize our responsibility to operate ethically, contribute positively to society, and minimize our environmental impact. This unwavering commitment aligns with global best practices and responsible business principles, ensuring long-term value creation for all stakeholders.

This year's sustainability report, prepared with reference to the GRI 2021 standard, offers a transparent and comprehensive view of our journey. We believe in taking a holistic approach, not only encompassing the traditional economic, environmental, and social pillars but also integrating strong governance practices as a cornerstone for sustainable success. This aligns with Bursa Malaysia's guidelines, highlighting our commitment to accountable leadership and ethical operations.

Guided by the UN Sustainable Development Goals (SDGs), we actively contribute to our communities, promote inclusivity, and protect our planet. We are taking decisive action on climate change, setting ambitious goals to achieve carbon neutrality by 2030 and net zero emissions by 2050, in line with Malaysia's national targets.

Our dedication to sustainability is recognized by our inclusion in prestigious indices like the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index. These achievements underscore our commitment to upholding robust ESG principles and international standards, which we believe translates to transparency, long-term value for shareholders, and significant intangible benefits for all.

Out of the 17 SDGs, we identified eleven that most closely align with our strategies and initiatives, showcasing our commitment to contributing to the global sustainability agenda.

These include:



This report delves deeper into these areas, highlighting our achievements and outlining our future plans, guided by our comprehensive Hextar ESG Policy.

The Board of Directors is pleased to present this Sustainability Report for the financial year ended 31 December 2023 ("FY2023"), outlining our strategic approaches to achieving industry-standard sustainability governance across the Group, aligned with the Environmental, Social, and Governance (ESG) pillars.

Furthermore, our Corporate Governance Policy ensures strict compliance and ethical practices within our operations and investee companies. We value transparency and accountability, upholding the standing and integrity of all stakeholders.

Recognizing the ever-evolving business landscape, we remain committed to continuously reviewing and enhancing our ESG practices. Our ultimate objective is to ensure that all business activities adhere to these principles, creating a robust ethical foundation for Hextar's long-term success and positive impact on the world around us.

## SUMMARY OF HEXTAR'S ESG POLICY

Hextar's commitment to a sustainable future is unwavering, as reflected in our comprehensive Environmental, Social and Governance (ESG) Policy. Aligned with the Malaysian Code on Corporate Governance 2021, this policy integrates sustainability considerations into our business decisions, recognizing its vital role in long-term success and value creation for all stakeholders.

# SUSTAINABILITY STATEMENT

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Balancing ESG principles with stakeholder interests is paramount to us. Responsible investments and environmental stewardship guide our actions, alongside our core values of integrity, loyalty, and hard work. We strive to contribute to a more sustainable society by minimizing our environmental impact, fostering social inclusivity, and empowering communities.

Our ESG policy encompasses robust frameworks for managing environmental and social risks. We meticulously assess and address potentially harmful impacts on occupational health, safety, and the environment, upholding the highest ethical standards.

<b>Reporting Scope and Boundary</b>	<p>This statement covers the operations of Hextar Global Berhad ("Hextar") and its subsidiaries located in Malaysia, Brunei, Indonesia and Australia. This report excludes the recently acquired companies namely Hextar Oiltech Sdn Bhd (formerly known as Opcom Lube Sdn Bhd), PHG Group, HICSB and Hextar Secadyme Sdn Bhd (formerly known as Propel Chemicals Sdn Bhd) unless otherwise stated.</p> <p>Hextar currently operates in three business segments: Agriculture, Specialty Chemicals, and Fruits.</p> <p>This report covers two of these segments namely Agriculture and Specialty Chemicals. While the Fruits segment is part of Hextar's overall business, it has been excluded in this sustainability statement as the Fruits segment was acquired in October 2023.</p> <p>However please note our human resource information and financial statements encompass all three business segments, including Fruits.</p>
<b>Reporting Cycle</b>	<p>Annually</p>
<b>Reporting Period</b>	<p>1 January 2023 to 31 December 2023 ("FY2023")</p>
<b>Reporting Guidelines and Principles</b>	<p>Principle Guideline: With reference to Global Reporting Initiative (GRI) Universal Standards</p> <p>Additional Guidelines:</p> <ul style="list-style-type: none"> <li>• FTSE4Good Bursa Malaysia Index</li> <li>• United Nations Sustainable Development Goals (UNSDGs)</li> <li>• Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia")</li> <li>• Bursa Malaysia Sustainability Reporting Guide 3<sup>rd</sup> Edition</li> <li>• The Ten Principles of the United Nations Global Compact ("UNGC")</li> </ul>
<b>Reporting Approach</b>	<p>A comprehensive and transparent approach to reporting conveys our sustainability performance, showcasing progress, challenges and impact on ESG metrics. Our commitment to data-driven disclosure ensures stakeholders are well-informed and engaged in our sustainability journey, fostering trust and accountability in our practices.</p> <p>In this Sustainability Statement, we have meticulously identified and shortlisted the most pertinent UNSDGs for each strategic pillar. These selected UNSDGs serve as our guiding compass, allowing us to set clear targets and Key Performance Indicators (KPIs) aligned with these global sustainability objectives.</p>
<b>Reporting Principles of Materiality</b>	<p>This year, we have reassessed the material matters related to our Group and various stakeholders within the ESG contexts. Please refer to our Material Matters Matrix in this Statement for further details.</p>
<b>Reliability of Information Disclosed</b>	<p>The accuracy of the Sustainability Statement's content has been:</p> <ul style="list-style-type: none"> <li>• Reviewed by the Sustainability Committee</li> <li>• Approved by the Board of Directors</li> </ul>
<b>Feedback</b>	<p>Hextar is dedicated to engage with its stakeholders and welcomes any feedback on the sustainability reporting and performance. Relevant feedbacks, comments or enquiries on this Statement can be directed to <a href="mailto:hextarglobal@hextar.com">hextarglobal@hextar.com</a>.</p>



# SUSTAINABILITY STATEMENT

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## OUR APPROACH TO SUSTAINABILITY

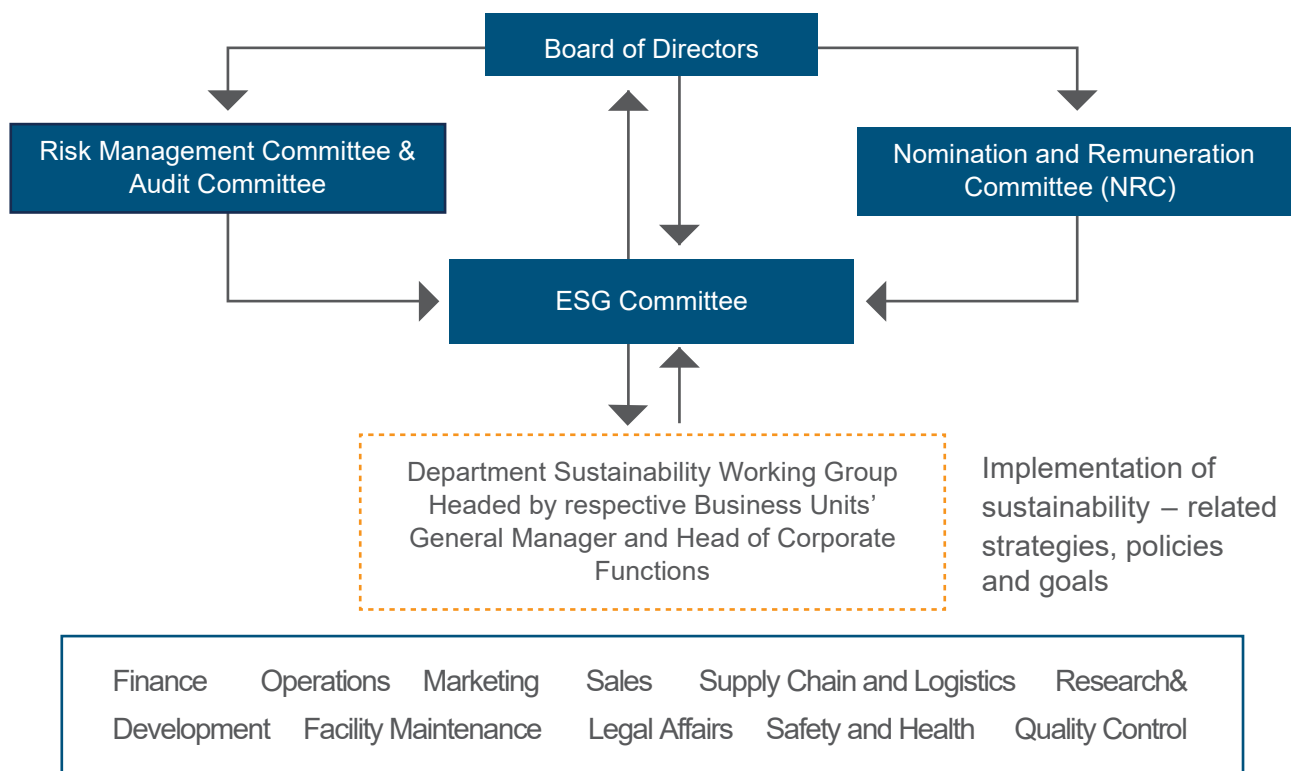
### COMMITMENT TO STAKEHOLDER ENGAGEMENT

Hextar's sustainability governance structure is integrated into our corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organization, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements, as reflected in their respective terms of reference. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees by virtue of delegation.

Our ESG Committee, headed by the Head of Sustainability alongside Madam Lee Chooi Keng, the Group Managing Director as an advisor. Under the purview of the ESG Committee is the Department Sustainability Working Group represented by members from middle management across our operating countries and units. The Department Sustainability Working group is responsible for the day-to-day implementation of the organization's strategies and plans.

The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending periodic capacity-building programs. The Board is also cognizant of ensuring that the required competencies in relation to sustainability are periodically assessed to strengthen board leadership and oversight of sustainability matters.

#### Sustainability Governance Structure



# SUSTAINABILITY STATEMENT

cont'd

Roles	Governing Body	Roles and Responsibilities.
Governance	Board of Directors (Board)	<ul style="list-style-type: none"> <li>The Board holds ultimate responsibility for the Group's ESG performance and oversees the development and implementation of our sustainability strategy. The Board ensure that the Group complies reporting and other requirements imposed by the Bursa Malaysia and other relevant authorities with regards to the sustainability matters.</li> <li>Regular reviews and updates are conducted to ensure alignment with evolving stakeholders' expectations and best practices.</li> <li>Dedicated committees, such as the Risk Management Committee and the ESG Committee, further support the Board in fulfilling its governance duties related to sustainability.</li> </ul>
Governance	Risk Management Committee and Audit Committee	<ul style="list-style-type: none"> <li>This Committee integrates sustainability considerations into the Group's overall risk management approach.</li> <li>It proactively identifies and assesses potential ESG risks impacting the Group, including climate change, anti-corruption, labour and human rights, and talent management.</li> <li>This Committee develops and implements effective mitigation strategies to address these identified risks and capitalize on emerging opportunities.</li> <li>It regularly reports to the Board on ESG-related risks and proposed mitigation strategies, providing crucial assistance in fulfilling the Board's sustainability oversight responsibilities.</li> <li>The Risk Management Committee meets twice a year to ensure timely and comprehensive monitoring of ESG risks.</li> </ul>
Governance	Nomination and Remuneration Committee (NRC)	<ul style="list-style-type: none"> <li>To clearly defined Sustainability Key Performance Indicators (KPIs). The NRC may also recommend incentive structures that reward achievement of sustainability goals.</li> <li>Reviews the Board and senior management performance evaluation against agreed sustainability-linked KPIs.</li> </ul>
Support / Execution Coordinators	ESG Committee	<ul style="list-style-type: none"> <li>This specialized committee provides strategic guidance and direction on all ESG matters.</li> <li>It comprises senior management representatives from relevant departments including Health &amp; Safety, Social Compliance &amp; Governance, Human Resources, Finance, Risk &amp; Compliance, and Madam Lee Chooi Keng, a Board Member acting as an advisor.</li> <li>The Committee oversees the implementation of the Group's sustainability strategy, monitors progress towards established goals, and recommends improvement initiatives.</li> <li>It facilitates cross-functional collaboration and knowledge sharing among departments on ESG matters.</li> <li>Recommends and develops the sustainability-linked KPIs as part of Board's and senior management's performance evaluation scorecard.</li> </ul>
Support / Execution	Department Sustainability Working Group	<ul style="list-style-type: none"> <li>Supports the ESG Committee with executing and monitoring sustainability activities and performance against targets.</li> <li>This working group comprises representatives from various departments across the Group such as Human Resources ("HR"), Finance Department, Culture, Information Technology ("IT"), Corporate Department, and operations.</li> <li>They are responsible for translating the overarching sustainability strategy into department-specific action plans and initiatives.</li> <li>The working group regularly monitors progress, shares best practices, and collaborates on cross-departmental sustainability initiatives.</li> </ul>

# SUSTAINABILITY STATEMENT

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## SUSTAINABILITY STRATEGIES

Hextar's sustainability strategy is underpinned by a commitment to key reporting guidelines and principles. This includes strict adherence to the followings:-

- a) Main Market Listing Requirements of Bursa Malaysia
- b) Bursa Malaysia Sustainability Reporting Guide 3rd Edition
- c) FTSE4Good Bursa Malaysia ESG Index
- d) United Nations Sustainable Development Goals (UNSDGs)
- e) With reference to Global Reporting Initiative (GRI) Universal Standards
- f) The Ten Principles of the UNGC

In parallel, Hextar is unwavering in its support of Malaysia's Nationally Determined Contribution (NDC) under the Paris Agreement. The company is dedicated to reducing Greenhouse Gas ("GHG") emissions intensity of GDP by 45% by 2030, reflecting both unconditional and conditional targets. This commitment is reinforced by policies across various government ministries.

Recognizing the pivotal role of Environmental, Social, and Governance (ESG) considerations, Hextar's Board emphasizes their integration into business decisions. Beyond regulatory compliance, the company adopts a strategic approach to support communities, foster social inclusivity, and enhance environmental stewardship. Significant investments are made in sustainability initiatives, such as rainwater harvesting to reduce reliance on municipal suppliers.

Stakeholder engagement is central to Hextar's sustainability ethos. Actively seeking feedback and insights from stakeholders shapes the company's sustainability agenda, ensuring alignment with evolving expectations and concerns.

In a notable move, Hextar joined the United Nations Global Compact initiative in 2022. This voluntary commitment places the Company among thousands globally dedicated to responsible business practices. It involves adherence to universally accepted principles covering human rights, labour, environment, and anti-corruption. This alignment supports the UN's broader goals and issues encapsulated in the SDGs.

Beyond commitments, Hextar's sustainability advocacy materializes in tangible projects. The Company's commitment to solar photovoltaic ("PV") projects at our Pulau Indah factory and Corporate Office sites demonstrates its dedication to reducing the carbon footprint. This initiative is a direct outcome of sustainability governance framework, showcasing Hextar's commitment to translating principles into meaningful and impactful actions.

## COMMITMENT TO STAKEHOLDER ENGAGEMENT








We maintain a steadfast commitment to creating enduring value for our primary stakeholders, those who wield influence and hold an interest in the Group. Given our significant roles in Agriculture, Specialty Chemicals, and Fruits, we actively cultivate strong connections with our stakeholders, staying attuned to their evolving concerns regarding material matters.

In alignment with this commitment, we proactively interact with our stakeholders regularly through diverse platforms. This ongoing engagement allows us to understand their viewpoints and perspectives on our sustainability practices. Particularly noteworthy is our dedication to stakeholder engagement even amid the continued challenges of the second year, marked by substantial disruptions. Our commitment to engaging with stakeholders played a pivotal role in shaping Hextar's sustainability agenda.

# SUSTAINABILITY STATEMENT

cont'd



The subsequent overview highlights our engagement initiatives with key stakeholders during the reviewed year:

Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Share price performance</li> <li>• Business performance</li> <li>• Business growth plans</li> <li>• Return on investments</li> <li>• Mitigation and adaptation to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Quarterly financial results and annual report</li> <li>• Company website</li> <li>• Announcement on Bursa Malaysia website</li> </ul>
<b>Government/ Authorities</b> 	<ul style="list-style-type: none"> <li>• Regulatory compliance including environmental and social compliance</li> <li>• Occupational safety and health</li> <li>• Permits and licenses</li> <li>• Corporate governance and regulatory compliances</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings/visits</li> <li>• Verification/compliance audit</li> <li>• Quarterly announcement</li> <li>• Ad-hoc information disclosure</li> </ul>
<b>Bankers</b> 	<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 Securities website</li> <li>• Media release</li> </ul>
<b>Board</b> 	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Business strategic planning</li> <li>• Continuous business and operational improvements</li> <li>• Interest of various stakeholders and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Board meetings</li> <li>• General meetings</li> <li>• Company events</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Training and career development opportunities</li> <li>• Talent and performance management</li> <li>• Occupational safety and health</li> <li>• Competitive remuneration and benefit packages</li> </ul>	<ul style="list-style-type: none"> <li>• Training programs</li> <li>• Internal communications with Senior Management</li> <li>• Annual performance appraisal</li> <li>• Company events</li> <li>• Memo/newsletter</li> <li>• In-house mobile application</li> <li>• UNGC Academy</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Product quality and pricing</li> <li>• Customer satisfaction</li> <li>• Technological 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>• Product training</li> <li>• Advertisement and marketing events</li> <li>• Company website/social media</li> <li>• Phone calls/email communications</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Long-term business relationships</li> <li>• Supply chain management</li> <li>• Selection of suppliers and credit terms</li> <li>• Compliance to anti-corruption standards/integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face interaction</li> <li>• Email communications</li> <li>• Supplier evaluation</li> </ul>



# SUSTAINABILITY STATEMENT

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Stakeholders	Stakeholders' Concerns/ Material Matters	Engagement Methods
<b>Community</b> 	<ul style="list-style-type: none"> <li>Local job creation opportunities</li> <li>Environmental impact arising from daily operations</li> <li>Domestic economic support</li> <li>Community welfare and continued livelihood</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility ("CSR") Program</li> <li>Company website/social media</li> </ul>
<b>Analyst/ Media</b> 	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Business strategic plan</li> <li>Corporate governance</li> <li>Transparency in communicating information and updates on business performance and initiatives, including on ESG and community impact programmes</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Media interviews and conferences</li> <li>Media release</li> </ul>

## MATERIALITY ASSESSMENT AND APPROACH

As an organisation, we are cognisant of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. A full-scale materiality assessment was conducted in 2022 involving both our key internal and external stakeholders to ensure that their interests and concerns are addressed. Our material matters influence our business strategy and decision on allocation of resources to material sustainability issues. While we aim to conduct a comprehensive materiality assessment once every 3 years, we undertake an annual review of the relevance of our previously prioritised economic, environment, social and governance impacts arising from our day-to-day activities.

Our materiality process referenced to Bursa Malaysia's Sustainability Reporting Guide & GRI Standards.

Our materiality assessment process followed three key stages:

### IDENTIFICATION

- We undertook comprehensive stakeholder engagement to identify sustainability matters of concern. This included consultations with internal stakeholders (employees, management) and external stakeholders (investors, NGOs, communities) through interviews, surveys, and stakeholder workshops
- Derive a preliminary list on sustainability matter



### PRIORITISATION

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



### REVIEW & VALIDATION OF PROCESS & OUTCOME

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



# SUSTAINABILITY STATEMENT

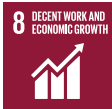


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## INDICATORS COVERED IN MATERIALITY ASSESSMENT

Priority	Material Matters	DESCRIPTION	Related UN's SDG
ENVIRONMENT 			
High Priority	Energy & Climate Change	Managing energy and greenhouse gases effectively to reduce them whenever possible.	   
Medium Priority	Water Management	Using water efficiently.	
Medium Priority	Waste & Environmental Compliance	Hextar prioritizes responsible environmental stewardship by adhering to all relevant regulations and continuously seeking opportunities to minimize our environmental impact.	
SOCIAL 			
Medium Priority	Diversity, Equity and Inclusion	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace.	   
High Priority	Employee Management & Human Rights	Protecting all aspects of human rights, staff welfare and security and ensuring there is no child or forced labour.	
High Priority	Occupational Health & Safety	Retaining employees by offering training and education to employees to expand their knowledge base for career development.	
Medium Priority	Community Contribution	Having a positive influence on local communities through charitable contributions and Corporate Social Responsibility initiatives.	

# SUSTAINABILITY STATEMENT

cont'd

Priority	Material Matters	DESCRIPTION	Related UN's SDG
<b>ECONOMIC AND GOVERNANCE</b> 			
High Priority	Corporate Governance	Introducing the highest standards of ethics, values and governance to increase stakeholder confidence	  
High Priority	Economic Performance	Hextar's financial performance supports the creation of long-term value and the Group's sustainability agenda	
High Priority	Quality assurance and product recognition	Hextar prioritizes Quality Assurance and Product Recognition to ensure customer satisfaction and build a strong brand reputation through consistently delivering high-quality products.	
Medium Priority	Supply Chain Management	Integrating environmentally and socially viable practices into the complete supply chain lifecycle.	
High Priority	Customer Satisfaction	Promoting quality throughout all aspects of operations to ensure high levels of customer satisfactions	
High Priority	Cybersecurity & Data Protection	Protecting data through stringent cybersecurity systems	

This year, we conducted a focused materiality review to ensure our existing 13 material matters remain aligned with Hextar's strategic priorities and stakeholder expectations. This review considered benchmarks against local and regional peers, emerging risks, and relevant frameworks like the Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and with reference to GRI Standards. We're pleased to report that all 13 material matters remain highly relevant.

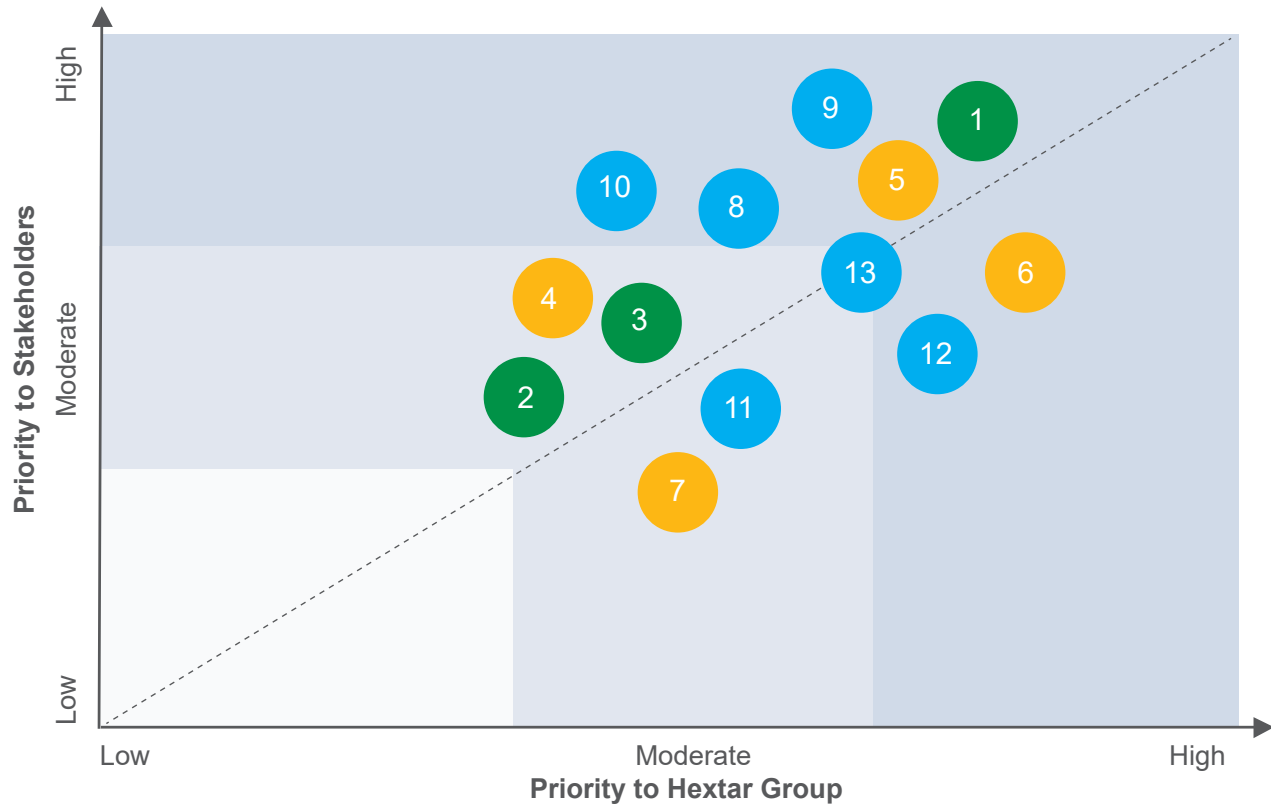
However, our commitment to continuous improvement goes beyond maintaining the status quo. Through a more comprehensive materiality review exercise conducted in 2023, we identified key areas where heightened stakeholder interest necessitates a step change:

**Climate Change:** Recognizing the growing urgency of addressing climate change, we elevated its importance to a high priority material matter. This reflects our commitment to understanding and minimizing our environmental footprint, alongside developing a robust carbon management strategy.

**Cybersecurity and Data Protection :** we recognised it as a high Priority Material Matter in year 2023. This reflects our understanding of the evolving digital landscape and the importance of safeguarding sensitive information for all stakeholders. The updated materiality matrix, encompassing the thorough materiality assessment process undertaken, has been reviewed by our ESG Committee and endorsed by the Board of Directors.

# SUSTAINABILITY STATEMENT

cont'd



## Notes

1. Material matters showed movement from 2022's materiality assessment. Energy Efficiency Environmental Compliance are collectively managed under "Environmental Compliance and Climate Change".

Environmental	Social	Governance
1. Energy & Climate Change	4. Diversity, Equity and Inclusion	8. Corporate Governance
2. Water Management Performance	5. Employee Management and Human Rights	9. Economic Performance
3. Waste Management & Environmental Compliance	6. Occupational Health & Safety	10. Quality assurance and product recognition
	7. Community Contribution	11. Supply Chain Management
		12. Cybersecurity & Data Protection
		13. Customer Satisfaction

The updated materiality matrix including the materiality assessment process undertaken has been reviewed by our ESG Committee and endorsed by the Board of Directors.

These material matters will guide our strategy development, resource allocation, and performance measurement, ensuring we address the issues that are most critical to our long-term success and stakeholder well-being.



# SUSTAINABILITY STATEMENT

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## RISK MANAGEMENT

In today's world, businesses face a complex landscape where social responsibility and environmental impact are deeply connected to success. At Hextar, we recognise that the very challenges we navigate can also be catalysts for long-term opportunities. This report explores our approach to these interconnected issues, acknowledging potential risks while highlighting the strategic opportunities they create for sustainable growth and stakeholder value.

Materiality	Risk	Opportunities
Energy & Climate Change	<ul style="list-style-type: none"> <li>Non-compliance with existing and environmental / climate-related regulations may leads to financial penalties and legal action.</li> <li>Inadequate climate adaptation and mitigation may cause physical assets damage, financial loss and business disruption.</li> <li>Consumers are increasingly concerned about environmental responsibility. Non-compliance can damage Hextar's reputation as a sustainable and environmentally conscious company.</li> </ul>	<ul style="list-style-type: none"> <li>Effective mitigation and adaptation strategy ensures business continuity.</li> <li>Demonstrating a commitment to environmental compliance can strengthen Hextar's brand image and attract environmentally conscious customers and investors.</li> <li>In some industries, environmental compliance can be a competitive differentiator, allowing Hextar to gain an edge over competitors who are not as compliant.</li> </ul>
Waste Management & Environmental Compliance	<ul style="list-style-type: none"> <li>Non-compliance with environmental regulations result in consequences from authorities and activists.</li> </ul>	<ul style="list-style-type: none"> <li>Waste reduction and increased resource efficiency can result in cost savings for operations.</li> </ul>
Water Management	<ul style="list-style-type: none"> <li>Poor water management leads to higher costs and potential scarcity of water resource.</li> </ul>	<ul style="list-style-type: none"> <li>Efficient water management may reduce operational costs and promote water conservation behaviour.</li> </ul>
Diversity, Equal Opportunity and Non-Discrimination	<ul style="list-style-type: none"> <li>Discriminatory employment practices damage Hextar's reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Inclusive, diverse and empowering work culture attracts talents and brings a range of viewpoints that enhances the quality of decision making.</li> </ul>
Employee Management & Human Rights	<ul style="list-style-type: none"> <li>Disengaged and underdeveloped employees contribute to lower productivity and performance.</li> <li>Unattractive benefits and remuneration affect employee's motivation.</li> <li>Breaches in human rights practices lead to regulatory penalties, impact employee retention and culture, and damage reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Effective talent development and upskilling programmes with attractive benefits packages enable us to retain and attract top-quality industry talent as well as contribute to a high-performance culture.</li> <li>Strong human rights practices reinforce Hextar's reputation as a responsible employer.</li> </ul>
Occupational Health & Safety	<ul style="list-style-type: none"> <li>Accidents and injuries in workplace lead to productivity loss, legal repercussions such as penalties and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Strong safety culture with conducive working environment improves employee's wellbeing and productivity, and maintains Hextar's reputation.</li> </ul>

# SUSTAINABILITY STATEMENT

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Materiality	Risk	Opportunities
Community Contribution	<ul style="list-style-type: none"> <li>Failing to do so could lead to a negative public perception of Hextar, potentially impacting brand image and customer loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>Regular engagements through community impact programmes strengthens our relationship with local communities.</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>Poor corporate governance i.e Anti-Corruption practices may tarnish Hextar's reputation and image.</li> </ul>	<ul style="list-style-type: none"> <li>Effective corporate governance practices enhance Hextar's reputation as a trustworthy company amongst stakeholders.</li> </ul>
Economic Performance	<ul style="list-style-type: none"> <li>Fluctuations in the global or regional economy, such as recessions or inflation, can significantly impact Hextar's revenues, costs, and overall profitability.</li> <li>Increased competition from existing or new businesses can put pressure on Hextar's pricing strategies, market share, growth and profit margins.</li> </ul>	<ul style="list-style-type: none"> <li>Expanding into new markets or identifying emerging markets with favorable economic conditions can open up new revenue streams and opportunities for Hextar.</li> </ul>
Quality Assurance And Product Recognition	<ul style="list-style-type: none"> <li>Compromised product quality can lead to product recalls, safety incidents, and potential lawsuits, harming both Hextar's reputation and customer trust.</li> </ul>	<ul style="list-style-type: none"> <li>Consistent delivery of high-quality products leads to satisfied customers, fostering loyalty and repeat business.</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>Suppliers' and contractors' noncompliance to Hextar's ethical principles, and safety culture exposes the business to operational disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>Regular supplier assessment, including environmental and social assessment upholds Hextar's commitment and high standards towards environmental and social aspects.</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>Inability to meet customers' expectations impact customers' confidence and loyalty which leads to lower revenue.</li> <li>Cyber threats including breach of customers' data may lead to loss of customer trust and reputational harm.</li> </ul>	<ul style="list-style-type: none"> <li>Regular customer engagements facilitate continuous improvement to meet customer's expectation.</li> </ul>
Cybersecurity & Data Protection	<ul style="list-style-type: none"> <li>Exposure of sensitive customer or company data (e.g., financial information, intellectual property, trade secrets) due to cyberattacks or security vulnerabilities. This can lead to financial losses, regulatory fines, reputational damage, and legal action.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced brand trust by demonstrating a strong commitment to data security can build trust and confidence with customers, partners, and investors.</li> </ul>

# SUSTAINABILITY STATEMENT

cont'd

## OUR SUSTAINABILITY GOALS VS FY2023 PERFORMANCE AT A GLANCE



Governance

### ZERO tolerance to bribery or corruption

**ACHIEVED ZERO** bribery or corruption case in FY2023.



Environmental

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

In FY2022 we successfully installed OUR FIRST SOLAR PV SYSTEM at our factory located at Pulau Indah, Selangor. The 183kWp Solar PV began yielding savings starting at the outset of FY2023. In addition to the factory installation, we also installed Solar PV at our corporate office in Kota Bayuemas, Klang, Selangor with design capacity of 20kWp. Both solar PV installation commenced electricity generation in January 2023.

As of 31 December 2023, we have successfully generated 8.38% of our total electricity consumption at manufacturing facilities from renewable sources. This demonstrates our commitment to exceeding our short-term goals while working towards our long-term vision of a sustainable future.

Kindly refer to page 47-48 for further details.

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

Category	Base Data	2023 Target	2023 Actual	2023 Performance	2024 Target	GOAL 2026
Class I (Highly Poisonous)	4.3%	3.2%	2.7%	16.6%	3.0%	2.5%
Class II (Poisonous)	24.7%	23.2%	25.7%	-10.5%	21.3%	17.5%
Class III (Harmful)	50.1%	51.4%	50.5%	-1.8%	52.6%	55.0%
Class IV (Least Toxic)	20.9%	22.1%	21.1%	-4.5%	23.1%	25.0%

Kindly refer to page 59-60 for further details.

## SUSTAINABILITY STATEMENT

cont'd



Social

### 30% of the Board are women by year 2024

16.7% women directors in the current Board as at 31 December 2023.

### 30% of Top Management are women by year 2030

33.3% of Top Management women as at 31 December 2023.

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

ACHIEVED ZERO incidence of discrimination or any violence in labour law in FY2023.

### ZERO incidence of fatalities

ACHIEVED ZERO incidence of fatalities in FY2023.

### ZERO tolerance to avoidable incidence of work-related injuries

There were 3 minor incidences of work-related injuries in FY2023.

Kindly refer to pg 75 for further details

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

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

In FY2023 HEXTAR KIMIA SDN BHD ("Hextar Kimia") received its certification of ISO 45001:2018

As of 31 December 2023, 50% of our manufacturing companies are certified with ISO 45001:2018.

## ENVIRONMENT

At Hextar, we recognize the undeniable link between our business operations and the health of our planet. We embrace the responsibility to minimize our environmental footprint and contribute to a more sustainable future, aligning with both the global Net Zero 2050 ambition and the United Nations Sustainable Development Goals (SDGs). This report outlines our commitments and actions across key environmental materiality topics, demonstrating our dedication to sustainable practices and responsible growth.

# SUSTAINABILITY STATEMENT

cont'd

With reference to the Global Reporting Initiative (GRI) 2021 standards and aligned with Bursa Malaysia's Sustainability Reporting Guide, we strive for transparency and accountability in our environmental efforts. We understand that addressing climate change, ensuring environmental compliance, managing water resources responsibly, and minimizing waste and pollution are crucial aspects of responsible stewardship. Throughout this report, we will thoroughly explore each of these areas, outlining our strategies, goals, and advancements as we strive to construct a more sustainable future for both present and future generations.

Our ultimate goal is to achieve Net Zero by 2050. This ambitious target reflects our commitment to reducing our greenhouse gas emissions and contributing to a global effort to mitigate climate change. We acknowledge the urgency of taking action and are actively developing a comprehensive decarbonization roadmap to steer our journey towards achieving Net Zero emissions.

Nevertheless, ensuring that all companies within Hextar Group contributes to this ESG endeavor poses a distinct challenge. Each entity operates within different industries, with diverse business models and environmental impacts. Despite this complexity, we are unwaveringly committed to overcoming this challenge. In 2023, we embarked a strategic initiative to standardize our sustainability practices across the entire Hextar group. This initiative encompasses the development of group-wide ESG policies, the establishment of consistent reporting frameworks, and fostering collaboration and knowledge sharing among our varied subsidiaries.

We believe that sustainability transcends mere compliance, it stands as a fundamental imperative for securing long-term prosperity and fostering a healthier planet for all. Through collective action, overcoming challenges together, and aligning our actions with the UNSDGs, we are confident that Hextar can achieve its ambitious ESG goals and make meaningful contribution towards a more sustainable future.

## ENERGY AND CLIMATE CHANGE

Related UNSDGs:



Climate change is a pressing global issue demanding immediate action. Recognizing its intensifying impact on our planet and supporting Malaysia's goal of reducing carbon emission intensity by 45% by 2030, Hextar actively manages energy consumption and emissions for environmental preservation and cost efficiency. Given our reliance on natural gas and electricity, this approach is crucial for sustainable operations.

## CLIMATE CHANGE

At Hextar, the spectre of climate change looms large, urging us to acknowledge the significant threat it poses to our planet and our responsibility to minimize our environmental impact. We're committed to actively addressing this challenge through comprehensive strategies that encompass energy consumption reduction, greenhouse gas emission reduction, and adaptation measures.

Continuously reducing our energy consumption and improving energy efficiency across all operations is a keystone of our approach. This aligns seamlessly with our ambitious goal of achieving Net Zero emissions by 2050. To ensure we stay on track and identify areas for improvement, we diligently monitor and report our energy consumption and intensity, adhering to Bursa Malaysia and GRI 2021 guidelines.

Transparency is paramount to us. We disclose our greenhouse gas emissions, encompassing Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity), and Scope 3 (other indirect emissions), following the Greenhouse Gas Protocol. Utilizing the operational control approach, we account for 100% of GHG emissions where we have the authority to implement operational policies. Our commitment extends to disclosing our environmental performance with reference to GRI 2021 standards and Bursa Malaysia's Sustainability Reporting Guide. To further demonstrate our unwavering commitment to data accuracy and credibility, we're planning to obtain third-party assurance for our emissions disclosures in 2024.



# SUSTAINABILITY STATEMENT

cont'd

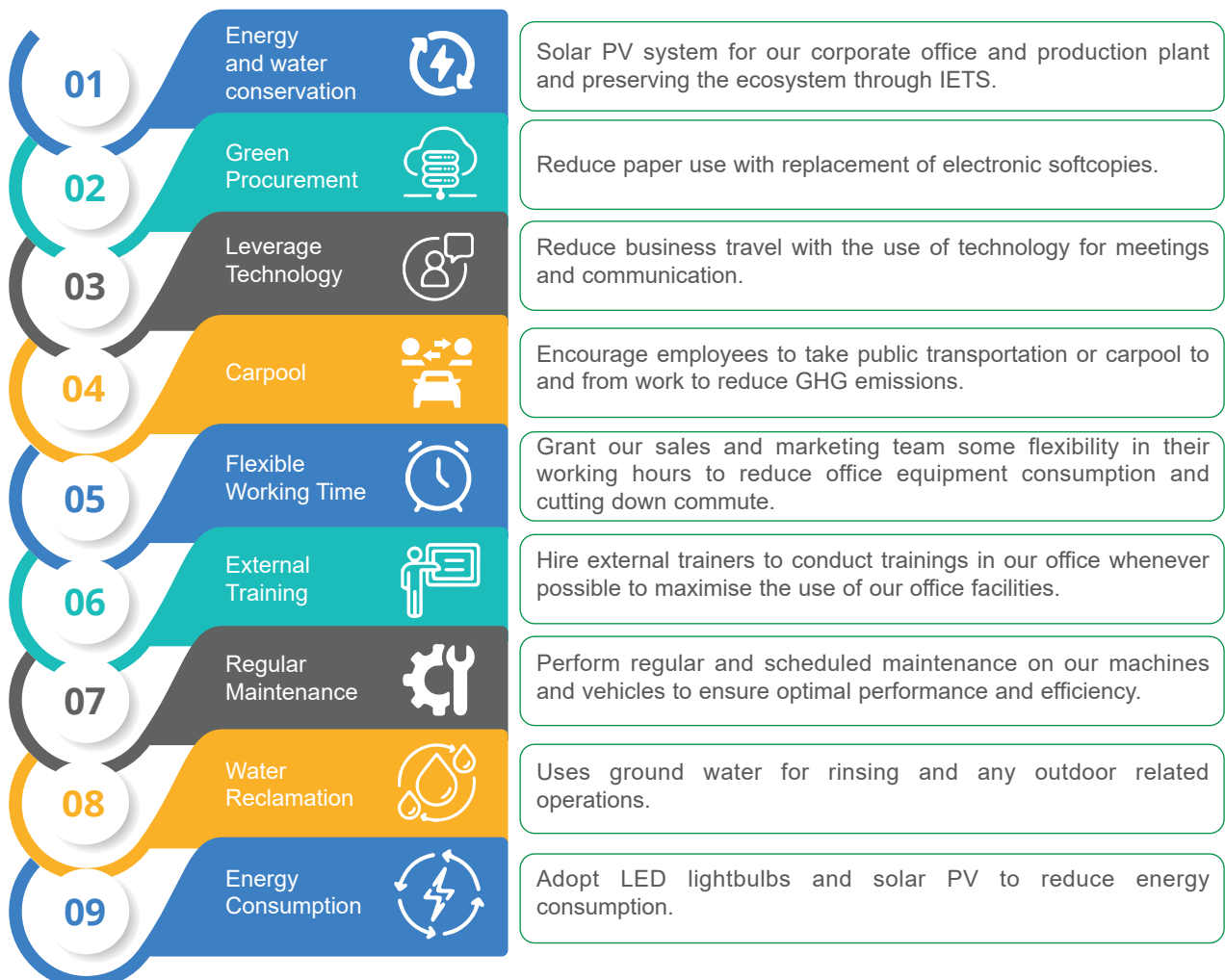
While mitigation efforts are crucial, we recognize the importance of adaptation as well. We actively prioritize the adoption of new and green technologies in development and implement fuel efficiency measures across our operations. Furthermore, we have integrated a comprehensive monitoring system to track emissions, energy consumption, water usage, and waste generation within our manufacturing processes. This proactive approach empowers us to identify and address environmental concerns effectively.

## CLIMATE TRANSITION STRATEGY



## PILLAR 1: MANAGING OUR EMISSIONS

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



# SUSTAINABILITY STATEMENT

cont'd

## PILLAR 2: INVESTING IN LOW EMISSIONS AND GREEN TECHNOLOGIES

### INVESTMENTS IN SUSTAINABILITY:

Our commitment to sustainability is reflected in our financial investments. Our investment in the Solar System installations and tools and equipment for measuring and monitoring renewable energy generation are providing savings in FY2023. These investments demonstrate our unwavering commitment to reducing our environmental footprint and transitioning towards a more sustainable future.

By actively managing our energy consumption, reducing our emissions, disclosing our environmental performance transparently, and investing in green technologies, we are demonstrating our leadership in sustainability and contributing to a more sustainable future.

### SOLAR POWERED BUILDINGS AND OPERATIONS PLANTS:

In a demonstration of our unwavering commitment to sustainability, FY2022 marked the successful installation and commissioning of our first 183kWp solar PV system at our factory located at Pulau Indah, Selangor. We further extended our efforts by installation of a 20kWp solar PV system at our corporate office located at Kota Bayuemas, Klang. These systems efficiently convert 15-22% of solar energy into usable power, enhancing energy efficiency at both locations.

Building on this momentum, we are proactively exploring the feasibility of installing additional solar PV systems across other Hextar facilities, considering factors like cost-effectiveness, energy efficiency, and their contribution to our long-term emissions reduction targets.

As of 31 December 2023, we have already generated 8.38% of our total electricity consumption from renewable sources at our manufacturing facilities, marking a significant step towards our sustainability goals. This milestone not only reaffirms our dedication to clean energy but also showcases our ongoing endeavors to minimise our environmental impact.



*(Factory in Pulau Indah, Port Klang, Selangor)*



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

# SUSTAINABILITY STATEMENT

cont'd

## INCREASED RENEWABLE ENERGY CONSUMPTION TARGET BY 2030:

Hextar is steadfast in its commitment to increasing reliance on renewable energy sources. We have set an ambitious target to generate at least 10% of our electricity from renewable sources by 2030. The table below shows the electricity consumption at our manufacturing facilities and the corresponding Solar PV generation:

DESCRIPTION	AMOUNT FY2023	TARGET 2030
Electricity utilization at manufacturing facilities, kWh	2,309,288	
Total solar electricity generated in FY2023, kWh	211,307	
Solar PV generation	8.38%	10%

*Note: Utilization at manufacturing facilities includes Solar PV generation.*

As of 31 December 2023, Hextar Group has already sourced 8.3% of its total electricity consumption at manufacturing facilities from renewable sources, marking a substantial advancement towards our sustainability goals. This achievement underscores Hextar Group's unwavering commitment to clean energy and exemplifies our continuous efforts to minimise the environmental impact. We are committed to significantly reducing our carbon footprint and playing a pivotal role in fostering a more sustainable future.

## INSTALLATION OF EV CHARGING UNIT

We are pleased to announce this installation of an Electric Vehicle ("EV") Charging Unit at our corporate office in FY2023. With a power output of 22kW, this unit has been consistently utilised for charging our Company's hybrid vehicles as well as EV owned by Hextar Group. This initiative play a pivotal role in our efforts to decrease Scope 1 GHG emissions.

EV Charging Unit at our Corporate Office



## PILLAR 3 : LEVERAGING PARTNERSHIPS AND COLLABORATIONS

At Hextar, we recognize the power of collaboration in driving sustainable growth and fostering positive impact. Hence, partnerships stand as a cornerstone of our strategic approach.

Whether it's joining forces with research institutions to pioneer innovative agrichemical solutions, partnering with farmers to promote responsible resource management or engaging with communities to foster healthy living through our consumer products, we actively pursue meaningful collaborations.

These partnerships empower us to amplify our impact, exchange best practices, and accelerate progress towards a more sustainable future. Through collective effort, we aim to create shared value for all stakeholders and contribute to the creation of a healthier, more resilient world.

# SUSTAINABILITY STATEMENT

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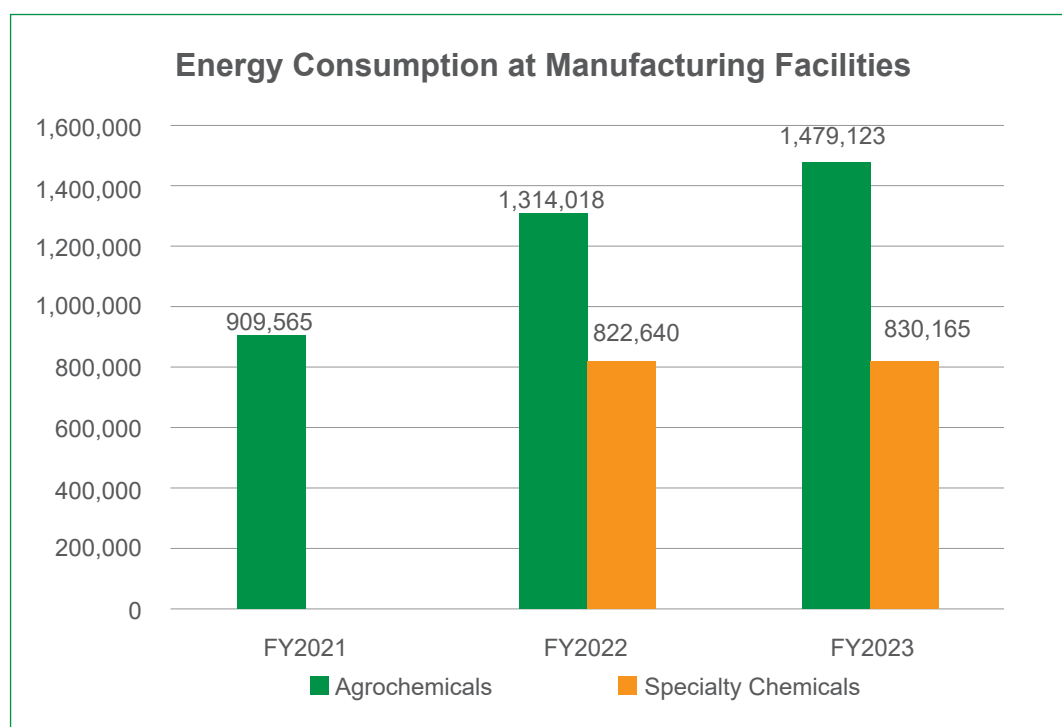
## ENERGY AND INTENSITY

### OUR PERFORMANCE

Hextar diligently tracks and reports our energy consumption intensity across our core business segments: Agriculture and Specialty Chemicals. This metric, measured in kWh per metric ton (MT) of production output, offers valuable insights into our operational efficiency and environmental impact.

Total Energy Consumption by Division (kWh)

INTENSITY	FY2021	FY2022	FY2023
<b>Agriculture</b>			
Electricity Consumption (kWh)	909,565	1,314,018	1,479,123
Production Output (MT)	19,022	24,879	30,808
Intensity kWh/MT	47.82	52.82	48.01
<b>Specialty Chemicals</b>			
Electricity Consumption (kWh)		822,640	830,165
Production Output (MT)		24,090	23,529
Intensity kWh/MT		34.15	35.28



We have started using renewable energy since February 2023 in our factory in Pulau Indah and corporate office in Klang. This solar PV has helped us reduce our dependency on electricity generated from fossil fuels. The increase in energy consumption is in line with the increased production in our agrochemicals division. We are glad to note that the intensity of energy consumption has improved from 52.82 kWh/MT in 2022 to 48.01 kWh/MT in FY2023, contributed by the Solar PV installation and enhanced efficiency.

## SUSTAINABILITY STATEMENT

cont'd

In FY2023, we successfully generated 211,307 kWh from solar power, a stark contrast from the previous fiscal year where no solar power was generated in FY2022. This achievement signifies a remarkable leap, with renewable sources contributing 8.3% of our total electricity consumption at our manufacturing facilities. This milestone marks a significant step towards our sustainability targets of achieving 10% reliance on renewable sources by the year 2030.

### TRACKING OUR CARBON FOOTPRINT

At Hextar, transparency and accountability in greenhouse gas (GHG) emissions reporting are cornerstones of our sustainability commitment. We diligently track and report our Scope 1, 2, and 3 emissions with reference to GRI 2021's mandatory requirement for disclosure of all three scopes, aligning with Bursa Malaysia's sustainability reporting requirements.

To ensure the accuracy, consistency, and transparency of our carbon footprint calculation, we utilize the equity share consolidation method, accounting for 100% of GHG emissions from entities where we hold a significant influence or majority ownership stake. This method aligns with established best practices from the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, considered the gold standard for corporate emissions reporting.

For emissions calculation, we rely on relevant emission factors sourced from credible authorities like the Department for Environment, Food & Rural Affairs (DEFRA) in the United Kingdom and Malaysia's Green Technology and Climate Change Centre. By meticulously measuring both direct and indirect emissions across Scopes 1, 2, and 3, which encompass company-owned vehicles, purchased electricity, business travel, and employee commuting, we gain a comprehensive understanding of our environmental impact and identify areas for improvement.

This commitment to transparent and comprehensive GHG reporting, as mandated by GRI 2021, allows us to hold ourselves accountable, track progress towards our sustainability goals, and contribute to a more environmentally responsible future.

### SCOPE 1

Hextar diligently tracks and reports our Scope 1 emissions, which encompass direct greenhouse gas emissions from sources we own and control. These sources are categorized into two main groups:

Inventory	Details
Mobile Combustion	This includes emissions from our fleet of vehicles powered by petrol and diesel, such as company cars, trucks, and vans. To calculate these emissions, we utilize fuel consumption data and emission factors derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Department for Environment, Food & Rural Affairs (DEFRA) in the United Kingdom. This ensures our calculations adhere to recognized international standards and best practices.
Stationary Combustion	This category encompasses emissions from machinery and equipment powered by diesel, utilized within our operations. Similar to mobile combustion, we calculate these emissions based on fuel consumption data and emission factors from credible sources like the 2006 IPCC Guidelines and DEFRA.

Through meticulous measurement and transparent reporting of our Scope 1 emissions, we not only gain valuable insights into our direct environmental impact but also identify areas where reductions are feasible. This commitment to transparency enables us to monitor our progress towards sustainability objectives and underscores our dedication to responsible business operations.



# SUSTAINABILITY STATEMENT

cont'd

## SCOPE 2

Hextar derived its CO<sub>2</sub> emissions from electricity consumption utilising the emission factor provided by the Energy Commission for the Peninsular Grid in 2019. Additionally we incorporate other relevant emission factors sourced from respective countries and locations for a comprehensive assessment.

## SCOPE 3

Additionally, we have initiated the tracking and monitoring of our Scope 3 emissions, focusing specifically on business travel and employee commuting. This year, these emissions amounted to 1,033 tCO<sub>2</sub>-e. As we continue to refine our emission data across all operations, we will set targets for reducing our Scope 3 emissions.

### SCOPE 3: EMPLOYEES' DAILY COMMUTE TO WORK

Employee commuting has emerged as a significantly contributor to CO<sub>2</sub> emissions. Starting in FY2021, we launched a project aimed at computing the total annual emissions generated from the daily commutes of our entire Group, encompassing our entire workforce. Hextar remains steadfast in our commitment to diligently monitor and report these emissions annually.

### SCOPE 3: BUSINESS TRAVEL (LAND AND AIR)

In FY2023, there was an increased in business travel both by Land and Air as compared to FY2022. The lower GHG recorded in FY2021 and FY2022 were due to Covid-19 pandemic, which imposed travel restrictions and consequently limited travel activities. However, with the gradual lifting of these restrictions, our workforce regained the ability to travel for meeting with customers and suppliers, leading to the observed uptick in travel-related emissions.

## METHODOLOGY

Demonstrating our commitment to transparency and comprehensive sustainability reporting, we initiated the active collection of data on employee commuting emissions since 2021. This ongoing initiative to gather valuable information through annual surveys, including:

- **Primary mode of transportation:** We assess the main modes employees utilize for their daily commute, providing insights into commuting patterns and emissions sources.
- **Round-trip commuting distance:** By capturing the approximate daily distance travelled, we estimate the cumulative impact of employee commutes.
- **Personal vehicle details:** For those utilizing personal vehicles, we collect specific data including type, engine size, and fuel type. This detailed information enables precise emission calculations.

In our sustainability statement in 2022, we marked the first-time inclusion of employee commuting emissions, calculated using the Mobile Combustion GHG Emissions Calculation Tool provided by the GHG Protocol. This comprehensive approach considers data from the survey using an average annual work commitment of 264 days per employee, and relevant emission factors to arrive at a yearly estimate of Hextar's employee commuting emissions.

# SUSTAINABILITY STATEMENT

cont'd

## GREEN HOUSE GAS EMISSION

INDICATOR	UNIT OF MEASUREMENT	FY2021 (MT)	FY2022 (MT)	FY2023 (MT)
<b>GHG Emissions</b>				
Scope 1	Tonnes CO <sub>2</sub> e	262	388	410
Scope 2	Tonnes CO <sub>2</sub> e	1,098	1,939	2,051
Scope 3				
Employee commuting	Tonnes CO <sub>2</sub> e	415	486	472
Business Travel (Land)	Tonnes CO <sub>2</sub> e	n/a	182	489
Business Travel (Air)	Tonnes CO <sub>2</sub> e	n/a	40	73
<b>TOTAL Scope 1+2</b>	<b>Tonnes CO<sub>2</sub>e</b>	<b>1,360</b>	<b>2,327</b>	<b>2,461</b>
<b>TOTAL Scope 3</b>	<b>Tonnes CO<sub>2</sub>e</b>	<b>415</b>	<b>708</b>	<b>1,033</b>
<b>TOTAL Scope 1+2+3</b>	<b>Tonnes CO<sub>2</sub>e</b>	<b>1,775</b>	<b>3,035</b>	<b>3,494</b>

Note:

- Scope 1 emissions cover the emissions from natural gas consumption from our production facilities.
- Scope 2 emissions cover purchased electricity from our production facilities and corporate offices and location-based calculation method is used.
- Carbon emissions from fuel consumption (natural gas) is calculated based on the emission factors from the Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017.
- Carbon emissions from purchased electricity (Scope 2) is calculated based on the emission factors from Grid Emission Factor (GEF) in Malaysia report [<https://meih.st.gov.my/documents/10620/fe512535-e765-49a8-a452-3297a3768ed3>] reported by the Suruhanjaya Tenaga Malaysian.

## WATER

Related UNSDGs

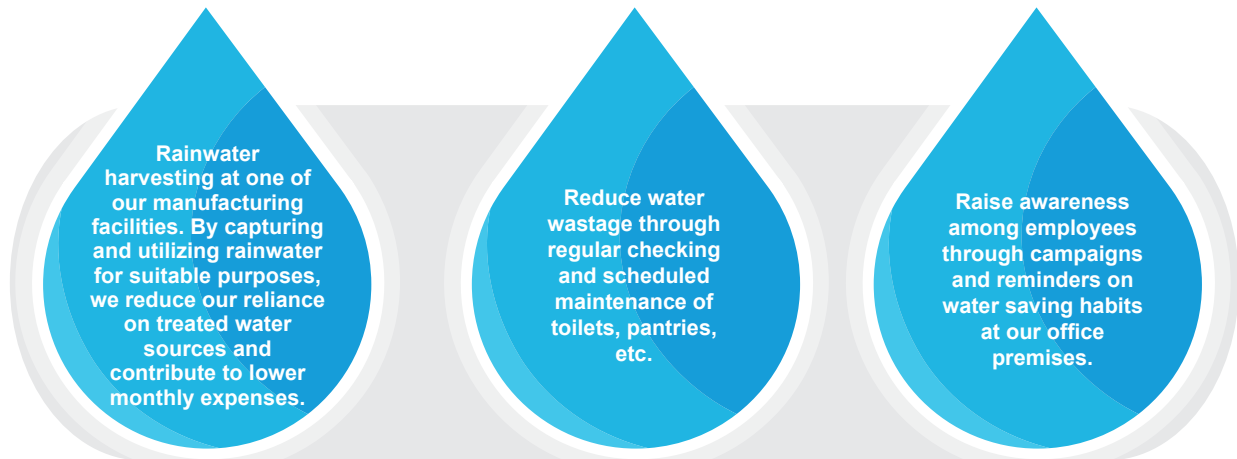


The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As water cuts and scarcity are becoming more frequent, we at Hextar, strive to adopt responsible water management across our operations, encompassing facilities in Malaysia, Indonesia, Brunei and Australia. While none of our current locations are classified as water-stressed according to the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas, we recognize the crucial role water plays in sustaining our planet and communities. Therefore, we actively minimize our environmental impact and operational costs through continuous water conservation efforts.

Our water consumption primarily stems from manufacturing activities such as chemical mixing, equipment and machinery cooling, site cleaning, as well as from our site office, worker facilities, owned office buildings and properties. We are committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all our premises. These initiatives include:

# SUSTAINABILITY STATEMENT

cont'd



We will annually review our water management plans across all operations to enhance efficiency continuously. This proactive approach ensure that we remain on track to achieve our targets for reducing water consumption.

## RESPONSIBLE WATER MANAGEMENT AT CHEMPRO TECHNOLOGY (M) SDN BHD

As a subsidiary of Hextar Global Berhad, Chempro is committed to upholding the group's sustainability principles. Responsible water management is a core focus area for us. Our manufacturing facility is equipped with a state-of-the-art 48 metric tonnes per day effluent treatment plant. This advanced system utilizes a combination of semi-automated physical, chemical, and biological processes to effectively remove contaminants from wastewater before discharge. This ensures compliance with the stringent standards outlined in the Environmental Quality (Industrial Effluent) Regulations 2009. We further demonstrate our commitment to responsible waste management by partnering with licensed scheduled waste contractors for the disposal of solid sludge separated from the effluent treatment process.

Chempro's commitment to water stewardship extends beyond wastewater treatment. We actively implement water conservation strategies to reduce our overall water consumption. Our innovative approach includes recycling reject water from the RO system for non-potable purposes, such as general cleaning and gardening. This not only minimizes water waste but also promotes resource efficiency within our operations. By prioritizing responsible water management practices, Chempro contributes to a more sustainable future for both the environment and Hextar Global Berhad's sustainability goals.



# SUSTAINABILITY STATEMENT

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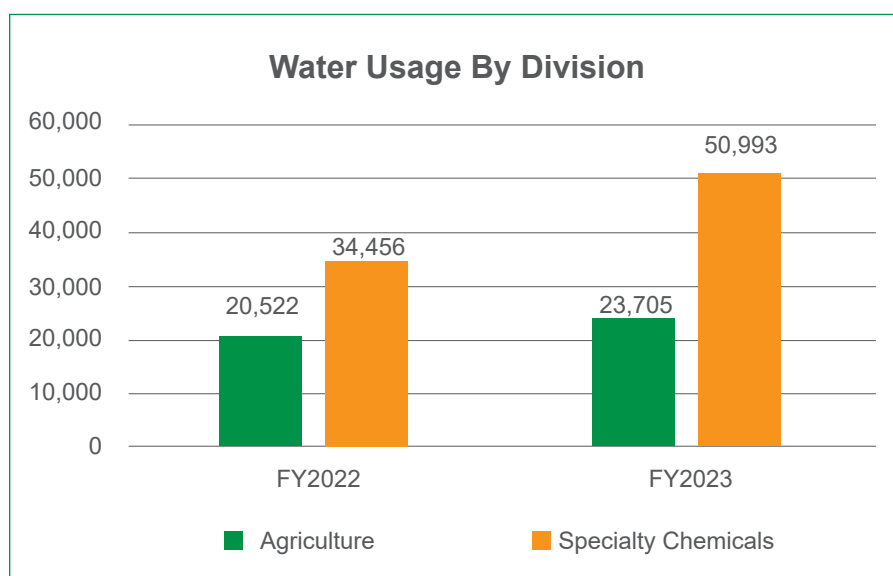


## OUR PERFORMANCE

In FY2023, the Group consumed 75,058 cu.m water, representing a 36% increase compared to FY2022. This usage aligns with the heightened levels of production and revenue during the same period. Notably, two of our manufacturing facilities directly extract water from the ground.

Considering this upward trend in water consumption, the Group is committed to implementing additional rainwater harvesting systems across more facilities. Furthermore, we aim to install water recycling systems to reduce the reliance on municipal water sources and promote more efficient water usage throughout our operations.

## TOTAL VOLUME OF WATER USED (CU.M)



Water Usage in Manufacturing Companies (cu.m)		
Segment	FY2022	FY2023
Agriculture	20,522	23,705
Specialty Chemicals	34,456	50,993

Note: Water usage including workers' hostel and manufacturing offices excluding corporate and management office.

# SUSTAINABILITY STATEMENT

cont'd

Water Source	Withdrawal Volume (m <sup>3</sup> )	Usage (%)
Municipal Water	30,146	59.83%
Ground Water	44,908	40.16%
Rainwater (Harvested)	4	0.01%

Note: Water source including management office.

## WASTE

Related UNSDGs:



At Hextar, we prioritise proper waste management to reduce our environmental impact benefit the surrounding communities, especially in relation to our construction business. We generate different types of waste, including hazardous waste categorised as scheduled waste, as well as non-hazardous such as domestic waste, scheduled waste and recyclable waste. Improper waste management can have far-reaching consequences, including detrimental effects on air and water quality, soil contamination, and heightened risks of hazardous material exposure for both our employees and the surrounding communities in the areas where we operate. Recognising the severity of these potential impacts, it is imperative that we implement proactive measures to ensure responsible waste management practices across all operations.

Our actions are guided by the Group's ESG Policy that outlines the impact of its operations on the local community and seeks to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored. The Group also aware of the importance to minimise waste by reducing the amount of materials used in our operations, adopting the 3R approach – reduce, reuse, and recycle, and raising employees' awareness on the significance of sustainable waste management

Hextar handles all hazardous wastes according to the Environmental Quality (Scheduled Wastes) Regulations 2005 and other relevant environmental-related legislation in the Environmental Quality Act 1974 (EQA 1974). Solid and general wastes are collected and disposed of by licensed collectors appointed by the local authority. As far as possible, we practice reducing waste, reusing and recycling resources before disposing of them. For our Indonesian subsidiary, we abide by the local regulations stipulated by Indonesia's Ministry of Environment and Forestry.

## FOSTERING A CULTURE OF SUSTAINABILITY

We conduct regular ESG awareness training sessions, educating our workforce on key waste management topics like source identification, sorting procedures, and safe waste handling practices. We empower employees to become active participants in our waste management initiatives through incentive programs that recognize and reward responsible behavior. This fosters a culture of ownership and accountability, driving positive behavioral change and collective progress towards our sustainability goals.

We have established initiatives to increase awareness among our employees in efforts to reduce waste such as:

- **Recycle Campaigns:** We organize regular recycle campaigns across our facilities, raising awareness about the importance of recycling and providing convenient ways for employees to participate. Our recent campaign, "Hextar Kitar," successfully collected 2 jumbo bags of recyclable materials, demonstrating the collective effort towards sustainability.
- **Gotong Royong :** Recognizing the interconnectedness of our environment, we organize gotong royong events in collaboration with local communities. These events, fostering community spirit and environmental responsibility, have resulted in the collection of waste from public spaces, contributing to a cleaner environment for all.



## SUSTAINABILITY STATEMENT

cont'd

We promote waste reduction and recycling among employees by encouraging them to reuse items such as paper, plastics, and aluminum, and providing bins for the segregation of different types of waste. Recyclable waste is processed at recycling centers, while non-recyclable waste is sent to landfills. Moving forward, Hextar aims to reduce the amount of waste sent to landfills by exploring circular economy principles and implementing innovating solutions for waste management.

We encourage our customer to buy bigger drum by offering at a attractive price instead of buying smaller drum to reduce the usage of container.

By integrating these strategies, we strive to minimize waste generation, maximize resource recovery, and cultivate a responsible waste management culture within our company. We recognize that this journey is continuous, and we are committed to ongoing improvement, collaborating with stakeholders, and contributing to a more sustainable future for all.

### SUSTAINABLE PACKAGING: COMMITMENT TO RESPONSIBLE SOURCING

Hextar is committed to minimizing its environmental footprint throughout the supply chain. This dedication extends to the materials we use for our carton boxes and paper products.

We prioritize the use of recyclable waste paper in our carton box and paper product manufacturing. This not only reduces reliance on virgin resources but also promotes a circular economy by giving new life to waste materials.

Furthermore, to ensure responsible sourcing practices, we partner with paper suppliers who are certified with both BMTRADA and Bureau Veritas. These certifications demonstrate our suppliers' commitment to ethical and sustainable forestry practices. This not only ensures responsible sourcing of wood fiber but also minimizes deforestation and promotes responsible forest management.

By prioritizing recyclable materials and partnering with certified suppliers, Hextar contributes to a more sustainable future for the paper and packaging industry.

### SUSTAINABLE WASTE MANAGEMENT AND GREEN ENERGY CHAMPION

Hextar Biogas BEE Sdn. Bhd, ("Hextar Biogas"), a subsidiary of Hextar Global Berhad, stands as a leading green energy solutions provider. Their focus aligns perfectly with Hextar's commitment to environmental responsibility. Biogas tackles environmental challenges by transforming waste into a valuable resource.

Hextar Biogas employs anaerobic fermentation technology, a sustainable and eco-friendly process that significantly reduces pollution. This technology targets Palm Oil Mill Effluent (POME) wastewater, a major environmental concern in the industry. By harnessing anaerobic fermentation, Biogas achieves an impressive Chemical Oxygen Demand (COD) and Biochemical Oxygen Demand (BOD) removal rate exceeding 90%. This not only reduces pollution but also offers a valuable by-product – biogas. This biogas can then be utilized for electricity generation, promoting a cleaner and more sustainable energy source.

Hextar Biogas' commitment to innovation and responsible waste management extends further with their certification as a Technology Partner to the Malaysian Palm Oil Board (MPOB). This recognition highlights their dedication to advancing sustainable practices within the palm oil industry, aligning perfectly with Hextar Global Berhad's commitment to environmental stewardship and leadership within the palm oil sector.



Successfully commissioned a 2-megawatt biogas plant for 60 metric tons palm oil mill in Taiping, Perak.

# SUSTAINABILITY STATEMENT

cont'd

## OUR PERFORMANCE

In 2023, Hextar generated a total of 680.05MT of hazardous and non-hazardous waste, of 38.17MT was reused or recycled. While hazardous waste is categorised as scheduled waste, non-hazardous waste includes domestic waste, construction waste and recyclable waste.

Upon conducting our annual review of our waste management practices and progress, it has come to our attention that the number of waste produced has increased. The challenges encountered in waste reduction can be attributed to the number of acquisitions FY2023. Therefore, will intensify our efforts by fostering collaboration among stakeholders and enhancing the efficiency of raw materials and resources utilised in our daily operations. By actively engaging and involving all relevant parties, we seek to address the existing gaps in coordination and implement innovative solutions, where possible, to drive sustainable waste management practices across the Group.

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

Waste Generated		Total Weight Generated (kg)			Disposal Method
		Year 2021	Year 2022	Year 2023	
Scheduled Waste	SW 204 (Scheduled Waste of Sludges containing one or several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminium, tin, vanadium and beryllium)	1,000	2,100	5,692	Approved disposal facility / waste management company
	SW 301 - Acid waste	n/a	n/a	0.279	
	SW 321 - Mixed polymer waste	n/a	n/a	5.753	
	SW 410 (Scheduled Waste of Rags, plastics, papers or filters contaminated with scheduled wastes)	20	684.2	52,831	
	SW 409 (Scheduled Waste of Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes)	100	145,572	336,174	
	SW 429 - Expired chemical wastes	n/a	n/a	3.20	
	Spent activated carbon	3,443	3,100	1,637	
	Contaminated diesel	2,532	1,812	528	
	Metal waste	158,405	n/a	n/a	
	CIP rubber waste	159,200	n/a	n/a	
	Liquid latex	13,000	9,300	22,510	
	Pesticide Liquid Waste	n/a	n/a	49.778	
	Contaminated containers	150	n/a	n/a	
	Used contaminated cotton rags/gloves/masks	570	n/a	n/a	
	Empty/used drum	11,484	n/a	n/a	Hextar prioritizes returning empty drums to suppliers for reuse & works with approved facilities for responsible disposal of unusable drums. This minimizes waste & promotes a circular economy.
Effluent	Treated supernatant – M99E	2,000	n/a	16.3	Repurpose by waste water treatment plant
General Waste	Plastic	7,500	32,161	n/a	Recycling Centre
	Paper	30,000	32,466	1,050	
	Rubbish waste	14,000 to 18,000	134,600	145,850	Waste management company

# SUSTAINABILITY STATEMENT

cont'd

## ENVIRONMENTAL COMPLIANCE

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

Laws and Regulations	Our Commitments
<b>Wastewater Discharge</b> ➤ Environmental Quality (Industrial Effluent) Regulations, 2009	<ul style="list-style-type: none"> <li>Monthly water effluent lab test by third party</li> <li>Compliance to Industrial Effluent Registration (Tenth Schedule)</li> <li>Conduct of Chemical Oxygen Demand test via weekly waste water analysis</li> </ul>
<b>Scrubber System</b> ➤ Environmental Quality (Clean Air) Regulations 2014	<ul style="list-style-type: none"> <li>Appointment of a competent person for scrubber system</li> <li>Conduct of Air Emission Monitoring</li> <li>Conduct of Local Exhaust Ventilation ("LEV") Assessment</li> </ul>
<b>Waste Disposal</b> ➤ Environmental Quality Act 1974 ➤ Environmental Quality (Scheduled Wastes) Regulations, 2005	<ul style="list-style-type: none"> <li>Disposal of general waste to regulated landfills</li> <li>Disposal of scheduled waste to approved disposal facility</li> <li>Erection of scheduled waste storage cage bund</li> <li>Adoption of e-consignment note for scheduled waste</li> </ul>
<b>Noise Exposure</b> ➤ Environmental Quality Act, 1974 ➤ Occupational Safety and Health (Noise Exposure) Regulations 2019	<ul style="list-style-type: none"> <li>Conduct of Boundary Noise Measurement</li> <li>Conduct of Noise Risk Assessment</li> <li>Conduct of Baseline and Annual Audiometric Testing</li> </ul>
<b>Chemical Management</b> ➤ Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000 ➤ Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2003	<ul style="list-style-type: none"> <li>Adoption of poison signed order form and poison wholesale sales book</li> <li>Proper labelling on all products</li> <li>Preparation of Personal Protective Equipment ("PPE") for workers in production</li> <li>Conduct Chemical Health Risk Assessment and training on Hazard Logo Identification as well as PPE Usage for all production staff</li> <li>Usage on enclosed mixing system with vacuum system and scrubber system</li> <li>Installation of LEV system</li> </ul>
<b>Poison Management</b> ➤ Environmental Quality Act, 1974 ➤ Poison Act Regulation, 1952 ➤ Department of Environment Guided Self-Regulation ("GSR")	<ul style="list-style-type: none"> <li>Adoption of poison signed order form and poison wholesale sales book</li> <li>Registration of poison license</li> <li>Implementation of ISO 14002:2015 Policy</li> <li>Maintenance of effluent treatment plant and scrubber system</li> <li>Formulation of Environmental Performance Monitoring Committee and Environmental Regulatory Compliance Monitoring Committee</li> <li>Identification of competent person on: -               <ul style="list-style-type: none"> <li>Certified Environmental Professional in Scheduled Waste Management (CePSWaM)</li> <li>Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (Biological Processes) (CePIETSO-BP)</li> <li>Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems - Physical Chemical Processes (CePIETSO-PCP)</li> <li>Certified Environmental Professional in Scrubber Operation (CePSO)</li> </ul> </li> <li>Transparency of information on eco-labelling products</li> </ul>

# SUSTAINABILITY STATEMENT

cont'd

FY2023, we did not receive any penalty by Department of Environmental ("DoE").

We are also committed to responsible sourcing by selecting suppliers who uphold high standards on environmental management. In order to achieve such objective, we have embarked on an environmental risk assessment on our suppliers to cover several environmental criteria in financial year ending 31 December 2023.

## MAXIMIZING AVOIDED ENVIRONMENT POLLUTION THROUGH PROVISION OF OUR PRODUCTS

### REDUCING CLASS I AND CLASS II AGROCHEMICALS: A WIN FOR CLIMATE AND BEYOND

At Hextar, we recognize the urgency of addressing climate change and are committed to sustainable practices throughout our operations. One key aspect of this commitment is reducing our reliance on Class I and Class II agrochemicals product portfolio. While these highly poisonous products may offer quick solutions for pest and disease control, it may have negative impacts on the environment and human health. By making strategic shifts in our product portfolio, we aim to create a win-win scenario for both climate and sustainability.

#### CLIMATE BENEFITS:

- Improved soil health: These chemicals can harm soil biodiversity and disrupt crucial natural processes that contribute to carbon sequestration. Transitioning to more sustainable solutions promotes healthier soil, enhancing its ability to store carbon and improve overall ecosystem health.
- Reduced water pollution: Many Class I and II agrochemicals are water-soluble, increasing the risk of contaminating waterways and aquatic ecosystems. By minimizing their use, we can protect water quality and safeguard sensitive aquatic life.

#### BEYOND CLIMATE:

- Enhanced worker safety: Exposure to these substances may pose health risks to farmers and agricultural workers if the use is not in accordance to the recommended dose. Reducing their use promotes safer working conditions and protects the well-being of our communities.
- Consumer confidence: Consumers are increasingly seeking safe and sustainable options. By offering products grown with minimal reliance on harmful chemicals, we can build trust and cater to evolving consumer preferences.
- Biodiversity preservation: Shifting to safer alternatives fosters biodiversity and promotes a healthier, more balanced environment.

## OUR APPROACH:

We are actively engaged in a multi-pronged approach to reduce our Class I and Class II agrochemical portfolio:

- Investing in research and development: We are dedicated to exploring and developing innovative, more sustainable solutions for pest and disease control.
- Collaborating with stakeholders: We work closely with farmers, policymakers, and research institutions to share best practices and accelerate the adoption of sustainable agricultural practices.
- Transparency and education: We are committed to transparent communication about our sustainability efforts and actively educate our stakeholders about the benefits of safer alternatives.

By strategically reducing our reliance on Class I and Class II agrochemicals, we are not only addressing climate change but also contributing to a healthier planet, safer working conditions, and a more sustainable food system for all.



# SUSTAINABILITY STATEMENT

cont'd

## OUR PERFORMANCE

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

Statistics of the \*performance as follow:-

Class	Base Data	GOAL 2026	2022 Actual	2023 Target	2023 Actual	2023 Performance	2024 Target
Class I (Highly Poisonous)	4.3%	2.5%	3.4%	3.2%	2.7%	16.6%	2.6%
Class II (Poisonous)	24.7%	17.5%	25.1%	23.2%	25.7%	-10.5%	23.0%
Class III (Harmful)	50.1%	55.0%	50.3%	51.4%	50.5%	-1.8%	52.0%
Class IV (Least Toxic)	20.9%	25.0%	21.2%	22.1%	21.1%	-4.5%	22.4%

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

We are pleased our target to reduce Class I product in FY2023 achieved above expectation by 16.6%, however Class II, III and IV products did not achieve the targets set for FY2023. We will continue to monitor and improve the performance to achieve the targets set for year 2026.

## SOCIAL

Related UNSDGs:



## DIVERSITY, EQUAL OPPORTUNITY AND NON DISCRIMINATION

At Hextar, we firmly believe that diversity and inclusivity at work give us a competitive edge through accumulation of, and ability to tap into a wide range of knowledge, perspectives, and ideas. In line with this, we strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age and nationality.

We align our social responsibility efforts with GRI 2021 Standards addressing human rights, labor practices, and society, contributing to the United Nations Sustainable Development Goals (SDGs). In line with Bursa Malaysia's sustainability reporting requirements, we are committed to fostering a workplace that embraces diversity, promotes equal opportunities, and respects the rights of all employees.

Hextar proactively monitors and remains well-informed about evolving labour, health, and safety policies and legislations. We extend our efforts beyond our organizations to ensure our business partners follow the same standards.

# SUSTAINABILITY STATEMENT

cont'd

Here's an overview of our key initiatives:

**Gender Equality:** We strive to achieve 30% female representation in top management by 2030, aligning with SDG 5. We actively promote gender equality through initiatives like, mentorship programs, and flexible work arrangements. As of 31 December 2023, we are pleased to announce we managed to maintain 33% female representative in the top management which is above our initial goal.

**Equal Treatment:** We uphold fair and equitable treatment for all employees, regardless of gender, race, religion, age, or disability. Our human resources policies, including the labor rights policy, non-discrimination policy, workplace harassment policy, and dispute resolution policy, provide a robust framework for ensuring equal opportunities and addressing any concerns. We are proud to report zero incidents of discrimination recorded in the year under review (2023), demonstrating our commitment to creating a safe and inclusive workplace for all 764 employees.

**Creating an Inclusive Culture:** We foster an inclusive culture through various initiatives, including diversity and inclusion workshops, employee resource groups, and open communication channels. We celebrate diverse perspectives and experiences, recognizing their value in enriching our company culture and driving innovation.

We are dedicated to maintaining fair employment practices, and consistently reviewing our recruitment process to ensure equality from the beginning, in alignment with our Recruitment Policy and procedures. At Hextar, employees receive competitive wages that are free from any form of gender discrimination. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit. We strongly advocate for equitable gender representation on our Board, and to that end, have established a dedicated Board Diversity Policy to ensure a minimum of 30% women representation at the Board level.

## OUR PERFORMANCE

### DIVERSITY AND INCLUSION IN LEADERSHIP

CHART 1: BOARD ETHNICITY DIVERSITY (FY2023)

This chart depicts the ethnic composition of our Board of Directors, highlighting our commitment to representing the diverse communities we serve. We recognize the importance of this diversity in fostering culturally informed decision-making and building trust with our stakeholders.

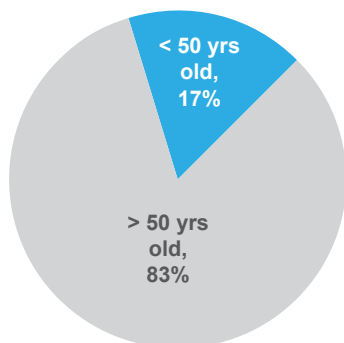
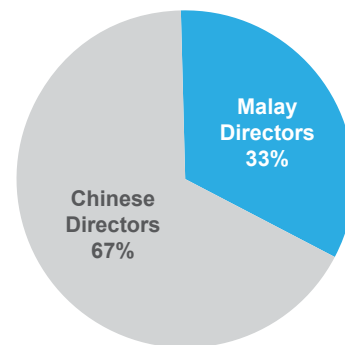


CHART 2: BOARD AGE DIVERSITY (FY2023)

This chart illustrates the age range of our Board members, showcasing a healthy mix of experience and fresh perspectives. We believe this balance is crucial for ensuring both continuity and innovative thinking within our leadership team.

## SUSTAINABILITY STATEMENT

cont'd

CHART 3: BOARD GENDER DIVERSITY (FY2023)

This chart highlights our current progress towards achieving 30% female representation on the Board by 2024 as mandated by the Malaysian Code on Corporate Governance. As of 31 December 2023, we have one female director representing 17% of the total directors. While we acknowledge that we are not yet at our target, the Board is actively seeking qualified female candidates to join its ranks. This commitment reflects our understanding that diverse perspectives and experiences enrich boardroom discussions and ultimately lead to better outcomes.

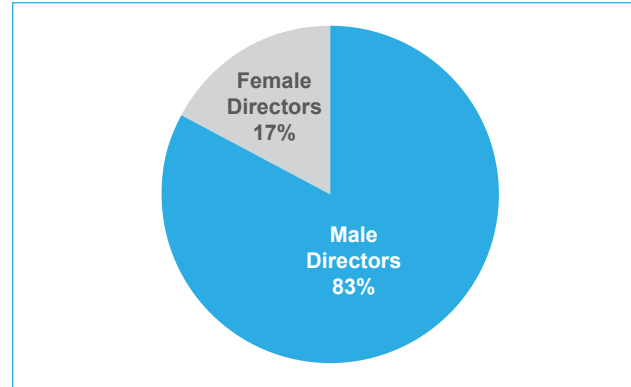
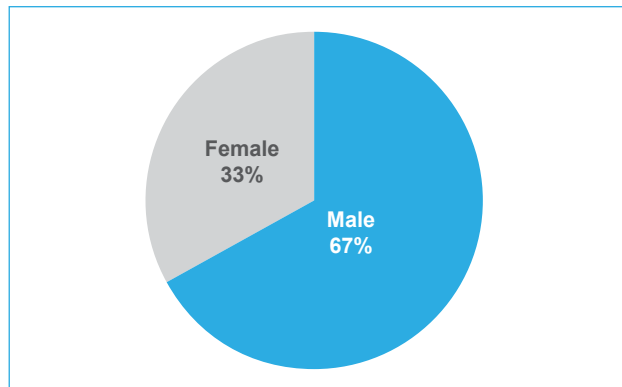


CHART 4: TOP MANAGEMENT - GENDER DIVERSITY (FY2023)

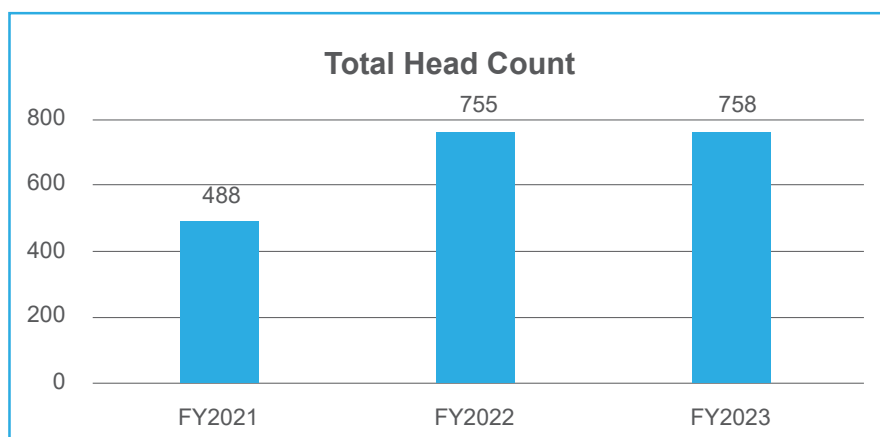
This chart showcases our achievement of 33% female representation in top management, surpassing our target of 30% by 2030, aligned with SDG 5: Gender Equality. We are proud of this accomplishment and remain committed to further fostering an inclusive environment where talented women can excel and reach their full potential.



Beyond these data points, we emphasize our ongoing efforts to create a culture of inclusion at all levels. We actively seek diverse talent, provide unconscious bias training for all leaders, and promote flexible work arrangements to support work-life balance. We believe that fostering a truly inclusive leadership team will not only benefit our company but also contribute to a more equitable and diverse society at large.

### HEADCOUNT COMPARISON

Hextar Global Berhad is committed to transparent communication and fostering trust with our stakeholders. In line with this commitment, we present our headcount comparison for the past three years:



# SUSTAINABILITY STATEMENT

cont'd

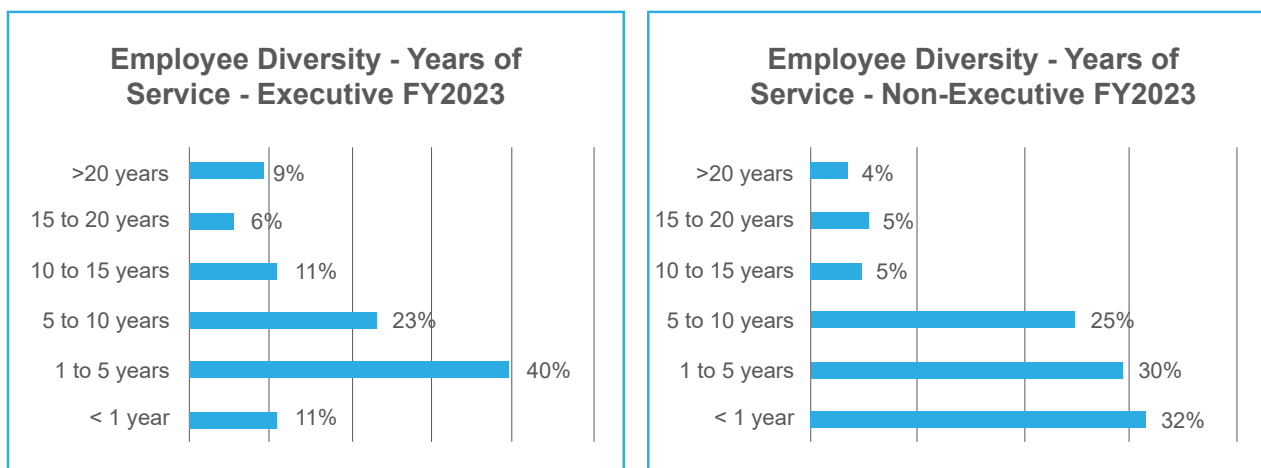
This consistent growth in our workforce, exceeding GRI's encouragement to disclose changes in employee numbers, reflects our strategic focus on expansion and investment. Notably, the significant increase in FY2022 and FY2023 was driven by the successful acquisition of several companies and disposal of our consumer products, further strengthening our market reach and expertise.

Beyond acquisitions, we actively invest in organic growth, attracting skilled professionals through talent development and recruitment initiatives. This sustained growth not only contributes to local economic development by creating new jobs but also strengthens our capacity to deliver on our ambitious expansion plans.

## EMPLOYEE DIVERSITY AT HEXTAR

At Hextar, we embrace the richness of a diverse workforce, recognizing that each individual's unique experiences and perspectives contribute to our collective success. Aligned with GRI 2021 Standard 405: Diversity and Equal Opportunity, we strive to foster an inclusive environment where everyone feels valued and empowered to contribute their best. Here, we unveil insights into our employee diversity through a series of informative charts:

### EMPLOYEE DIVERSITY (YEARS OF SERVICE)



These charts illustrate the distribution of executive and non-executive employees based on their years of service, revealing the balance between experienced professionals and those bringing fresh perspectives to the company. This balanced mix fosters the transfer of knowledge while encouraging innovation. Almost 50% of our executive employees has been with the company for more than 5 years.

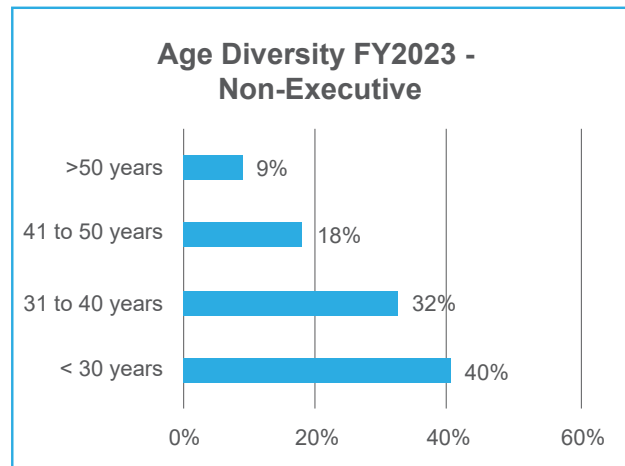
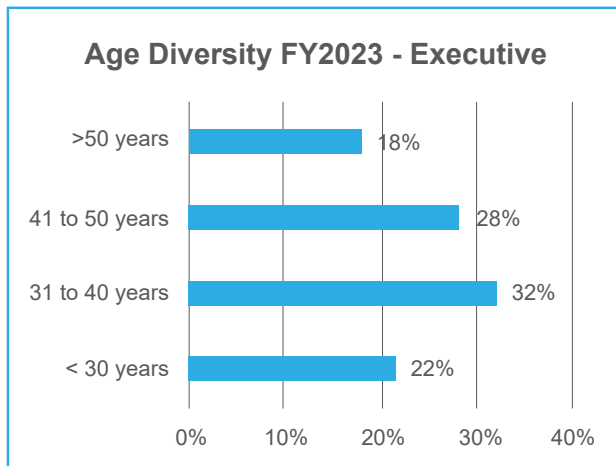


# SUSTAINABILITY STATEMENT

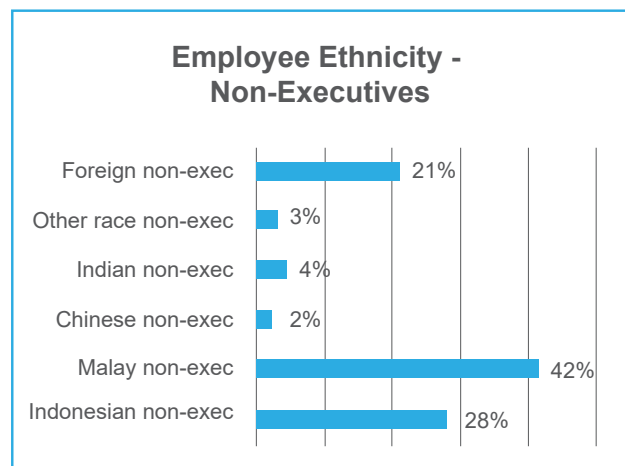
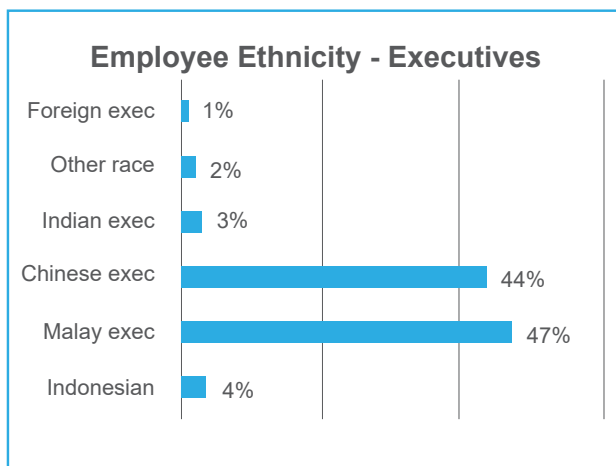
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## AGE DIVERSITY

These charts showcase the age range of our executive and non-executive employees, highlighting a healthy mix of diverse voices and perspectives across generations. This age diversity ensures well-rounded decision-making informed by both established knowledge and contemporary viewpoints.



## EMPLOYEE ETHNICITY



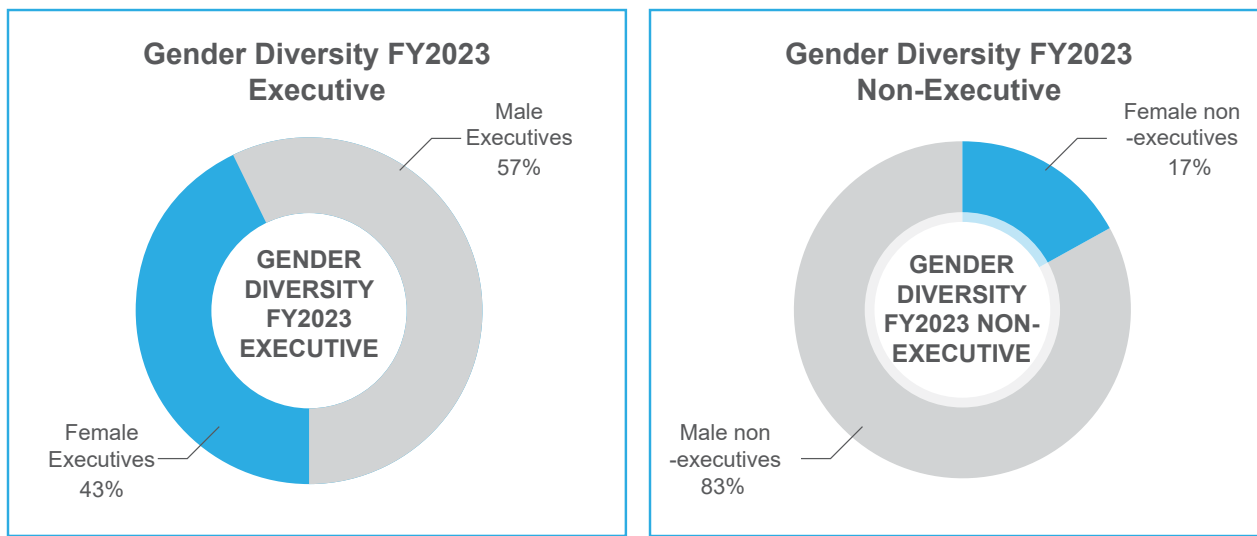
These charts depict the ethnic composition of our executive and non-executive workforce, reflecting the diverse communities we serve and operate within. We believe this representation strengthens our understanding of our stakeholders and fosters culturally sensitive business practices. Our non-executive includes 28% Indonesian as we do have a manufacturing facility in Indonesia.

# SUSTAINABILITY STATEMENT

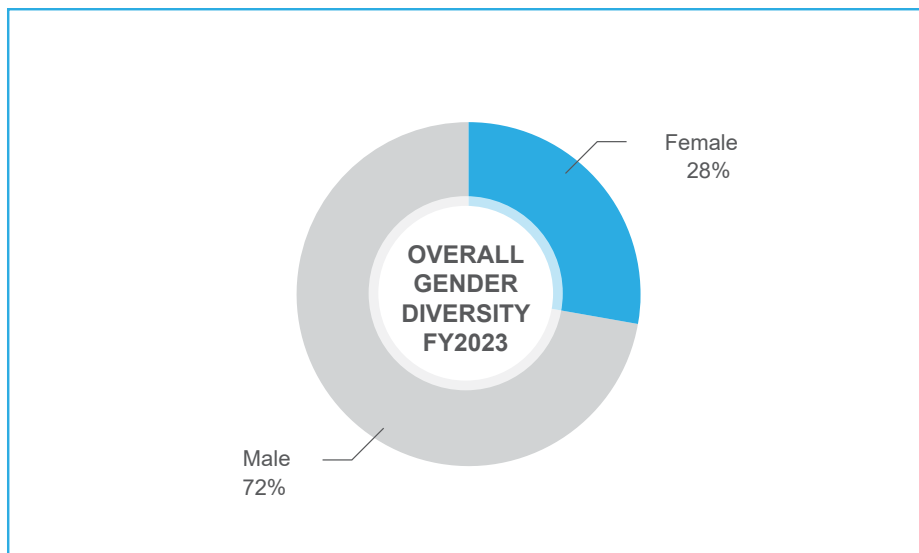
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## GENDER DIVERSITY

Our gender diversity for executive is quite balance with 43% female vs 57% male showing our commitment to providing equal opportunity to all. However, our non-executive distribution is heavy for males in line with the kind of work that we do in manufacturing of agrochemicals and specialty chemicals. This is relevant with UN SDG 5: Gender Equality.



## OVERALL GENDER DIVERSITY FY2023

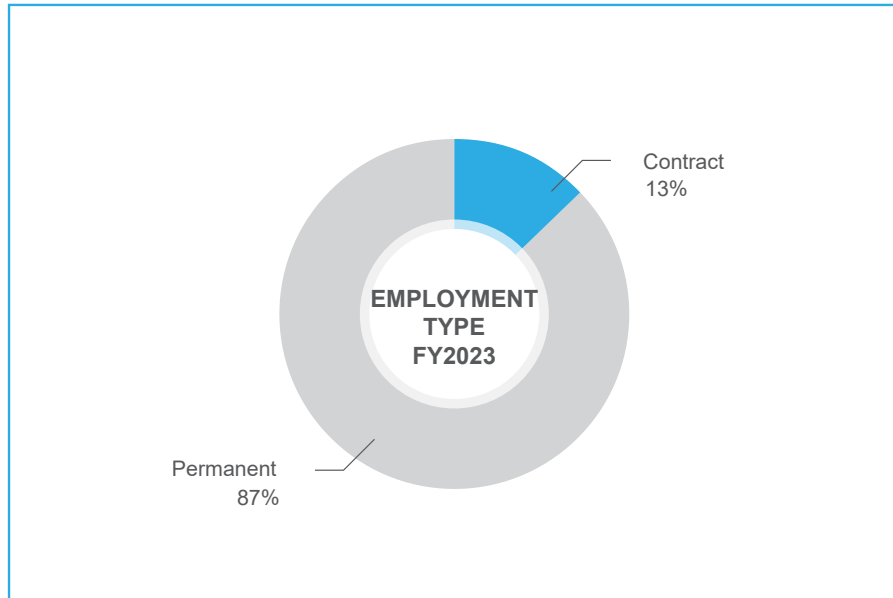


This chart presents the combined gender diversity of our entire workforce in FY2023, providing a comprehensive snapshot of our progress towards creating a more equitable and inclusive work environment. Our overall workforce are predominantly male inline with the kind of activities in our manufacturing facilities.

# SUSTAINABILITY STATEMENT

cont'd

## EMPLOYMENT STATUS



This chart depicts the breakdown of our employees based on their employment status, permanent and contract basis, offering insights into the composition of our workforce and enabling us to tailor our policies and benefits accordingly.

By presenting these diverse workforce demographics, we demonstrate our commitment to transparency and accountability in fostering an inclusive work environment. We recognize that diversity is not just a statistic, but a powerful force that unlocks innovation, strengthens decision-making, and fuels sustainable growth. We are dedicated to continuous improvement, actively seeking diverse talent, promoting equal opportunities, and fostering a culture of inclusion where everyone can thrive.

As of 31 December 2023, we do not have any employee with disability. We do not discriminate employee with disability. Priority are given to employee who are residing in the vicinity of the places we operate.

## EMPLOYEE MANAGEMENT

Related UNSDGs:



Hextar believes that our employees are our most valuable assets and are the driving force for our success and growth. We are committed to recruiting, developing, and retaining high-performing employees while providing work environment that is both conducive and empowering. On top of that, we invest significantly in development programmes to ensure our employees remain competitive, progressive and future ready.

## TALENT ACQUISITION AND ONBOARDING

Talent attraction and recruitment are vital to build a strong and sustainable talent pipeline for the future. At Hextar, we adhere to our Recruitment Policy and Procedures to ensure individuals are hired based on merits, i.e, skills, experience and credibility for the role while also sharing our values, culture, and vision. Effective talent attraction and recruitment, without bias and prejudice can help build a strong employer brand to attract top talent. A positive reputation can in turn increase customer loyalty and improve organisational performance. In 2023, we participated in career fairs as part of our strategy to attract fresh talent and facilitate their seamless integration into our workforce.

# SUSTAINABILITY STATEMENT

cont'd

## UPSKILLING AND RESKILLING

At Hextar, we understand that today's employees crave regular feedback, open dialogue, and personalized engagement with their managers. Gone are the days of one-way communication and static top-down approaches. To address this shift and retain valuable talent, we've made feedback a cornerstone of our management culture.

We actively foster employee-employer relationships built on mutual trust and a continuous feedback loop. Regular performance reviews, open-door policies, and anonymous surveys facilitate honest communication, allowing us to identify strengths, address challenges, and support individual growth.

We believe that investment in people is an investment in the future. Our commitment to employee development shines through our comprehensive training and development programs. We continuously assess industry trends and evolving skillsets to tailor our initiatives, ensuring they remain relevant and aligned with job expectations.



Communication Skills Training



ESG Training

## EXAMPLES OF TRAINING PROGRAMMES HELD OR ATTENDED DURING THE YEAR:

In 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels. Our training and development programmes include the following:

Employee Training and Development Programs in FY2023	
Professional Training	Managing Sales Tax Exemption Facilities & Scrap/Waste Disposal
	Scheduled Waste Risk & Hazard Assessment
	Chemical Spillage and Hazardous Logo Identification
	Scheduled Waste Analysis & Characteristic
	Guideline for Waste Card Preparation (7th Schedule)
	Do's and Don'ts in Scheduled Waste Packaging, Labelling and Storage
	Scheduled Waste Handling and Spillage Management
	Understanding The Chemical Applications
	Clarifier Unit Design Analysis
	IETS - Technical Control Operational Analysis
	Execution & Optimisation for Chemical & Biological Process of Industrial Effluent Treatment Operations
	Halal Awareness



# SUSTAINABILITY STATEMENT

cont'd

Employee Training and Development Programs During FY2023 (Cont'd)	
Professional Training	Metal Free Policy
	Inhouse Chemical Handling
	Inhouse GMP Training
	Environmental Management of Waste Water Treatment - The Science, Technology & Design
	Safe Handling of Hazardous Chemical
	M to M Sales Strategies & Planning
	Tools to Streamline Environmental Management
	Business Continuity
	Effective Sewage and Industrial Effluent Control
	Auditing Scheduled Waste Management
	Environmental Aspect-Impacts with Risk & Opportunity & Life Cycle
	Course for CePSWaM
	The Holistic Treatment Approach of Raw Water and Boiler Water
Technical Training	Navigating Tax Audit and Investigation
	Understanding Dismissal and Termination
	Engineering, Science & Technology Conference 2020
	Withholding Taxes and Other Related Tax Issues
	Basic Tax Compliance for Tax Professionals
	Sales Service Tax (SST) Latest Updates - Common Implementation
	Data Management with PivotTable using Microsoft Excel
	Fast Track Excel Advanced
	Incident Investigation and Analysis Technique
	Malaysian Customs Procedures
	Strategic Procurement and Inventory Management System
	Understanding Benefits and Risks of Incoterms 2020
Soft Skills Training	Train The Trainer
	English Grammar Session
	Corporate Dressing & Personal Grooming
	Disciplinary Procedure
	Successful Project Scheduling Common Mistakes and How to Avoid Them
	Effective Business Presentations Tools with PowerPoint
	Interpersonal Communication & Logical Thinking Strategies
	Basics of Disciplined Agile

# SUSTAINABILITY STATEMENT

cont'd

## Employee Training and Development Programs During FY2023 (Cont'd)

Safety Training	ESG Awareness Training
	PPE Training
	Forklift Operators' & Safety Training
	Webinar Training Safety at Workplace
	Basic Occupational First Aid, CPR & AED
	Talk on Introduction to Hazard and Operability
	Sanitation Process
	Kesedaran Mengenai Risiko Pengurusan Gas Pembau
	Pengurusan Gudang & Inventori Yang Berkesan

## PERFORMANCE MANAGEMENT AND COMPENSATION

At Hextar, we firmly hold onto our principles of being result-driven, accountable, collaborative, and shared success to drive individual and team performance. In promoting a high-performance culture, we have implemented a systematic performance review process and measurement system which includes employees' Key Performance Indicators ("KPIs"). At the beginning of each year, we ensure expectations setting conversations are initiated. We conduct a year-end performance review for all employees, providing them with the opportunity to self-assess, provide feedback, engage in competency discussions, and receive necessary coaching and support. We recognise and celebrate achievements when one has demonstrated exceptional performance within their peer group, deliver high quality results and display outstanding behaviour, through bonuses and promotions. We aim to create a motivating and encouraging environment by offering competitive benefits and compensation packages that attract and retain top talents.

The following are amongst the benefits provided to our employees:

### Leave

- Annual leave, sick or hospitalisation leave, marriage leave, maternity and paternity leave, compassionate leave, sabbatical leave, child care leave, unpaid leave, hajj leave, examination leave

### Medical

- Insurance coverage, health screening, medical coverage

### Others

- Phone allowances, service awards, employee education assistance

## OUR PERFORMANCE

### EMPLOYEE TRAINING HOURS

Employee Category	FY2021	FY2022	FY2023
Executives	1,216	2,753	1,958
Non-Executives	976	1,702	1,793

### AVERAGE TRAINING HOURS PER EMPLOYEE

Employee Category	FY2021	FY2022	FY2023
Executives	7.4	10.2	5.9
Non-Executive	3.1	3.5	4.2
Overall Average Training Hours per Employee	4.5	5.9	4.9

# SUSTAINABILITY STATEMENT

cont'd

## EMPLOYEE RETENTION AND ATTRITION

Hextar is proud to have a highly engaged workforce, which is reflected in the longevity of our employees' tenure. We are pleased to note that 15% of our executive employees has been with the group for over 15 years.

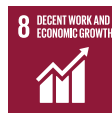
In FY2023, Hextar had a voluntary turnover rate of 14%.

Description	FY2021	FY2022	FY2023
New hire rates (no)	122	152	131
Turnover rates (%)	10%	17%	14%

Currently we do not have any employee with disability, however we do not discriminate people with disabilities.

## HUMAN RIGHTS

Related UNSDGs:



## HUMAN RIGHTS AT HEXTAR

As a responsible organisation, Hextar is committed to protecting and respecting human rights across all our business operations. We believe that strong human rights practices coupled with fair and ethical treatment improves productivity and promotes a healthy working culture.

We support the United Nations Global Compact ("UNGC") Ten Principles, and the Universal Declaration of Human Rights. We also adhere to applicable laws and regulations in all our operating countries, which include but are not limited to Malaysia's Employment Act 1955 and Trade Union Act 1959; Singapore's Employment Act 1968; and Indonesia's Labour Law 2003.

Our commitment is reflected in the below policies to ensure that our approaches to human rights always meet, or at best, go beyond regulatory requirements.



### Labour Rights Policy

To protect employee's human rights from the areas of forced labour, child labour and discrimination, with the inclusion of clear line of responsibilities for the Board, managers, supervisors and all employees.



### Non-Discrimination Policy

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



### Workplace Harassment Policy

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

# SUSTAINABILITY STATEMENT

cont'd



## Dispute Resolution Policy

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

We have communicated to all our employees and workers about our grievance handling process and whistleblowing policy. Our whistleblowing channels offer employees a safe and confidential way to report anonymously any violation of labour practices, disputes, and inappropriate behaviour. We guarantee the protection of the whistleblower's identity throughout investigation and all reports will be taken seriously.

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

## HUMAN RIGHTS GOVERNANCE AND ACCOUNTABILITY

At Hextar, we recognize that respect for human rights is not just a legal obligation, but a fundamental value woven into the very fabric of our organization. We are committed to ensuring ethical practices and upholding the dignity and rights of all individuals throughout our operations and supply chain.

Recognizing the importance of labour rights in the chemical manufacturing industry, our Chemical Manufacturing division prioritizes responsible labour practices in alignment with the International Labour Organisation's ("ILO") Indicators of Forced Labour. We ensure fair wages and compensation, decent living quarters, and adequate training for all our workers, including foreign labourers, empowering them to perform their jobs safely and effectively.

## OUR PERFORMANCE

Maintaining ethical and responsible labor practices remains a priority at Hextar. Throughout 2023, we proudly achieved zero grievances related to living and working conditions involving our contractor's workers. This positive outcome reflects our ongoing efforts to promote fair treatment and ensure a safe and healthy work environment for all.

Description	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	0	0	0

Building upon this positive progress, we further strengthened our commitment by enhancing procedures for managing workers' accommodation. These comprehensive updates align with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019. The improved procedures include:

- Regular inspections: Our team conducts regular inspections of worker accommodations to ensure they meet established standards for hygiene, safety, and overall quality.
- Engagement sessions: We actively engage with workers through regular feedback sessions to understand their needs and address any concerns related to their living conditions.

Facilities provided for workers at our hostels

Acceptable living conditions. Safe and comfortable accommodation with security facilities	Adequate supply of safe potable water
Safe and appropriate mode of transportation to and from work	Eating and food storage facilities in compliance with food hygiene requirements
Fire safety and prevention, first aid access and fire emergency procedures	Facilities such as kitchen, washing area, bathroom, laundry service, cafeteria, convenience store, sports facilities, assembly area and surau
Social and recreational activities	Helpline for emergency assistance

By prioritizing transparent communication, proactive inspections, and continuous improvement, we aim to contribute to a positive and respectful work environment for all individuals involved in our operations.



# SUSTAINABILITY STATEMENT

cont'd

## OCCUPATIONAL SAFETY AND HEALTH

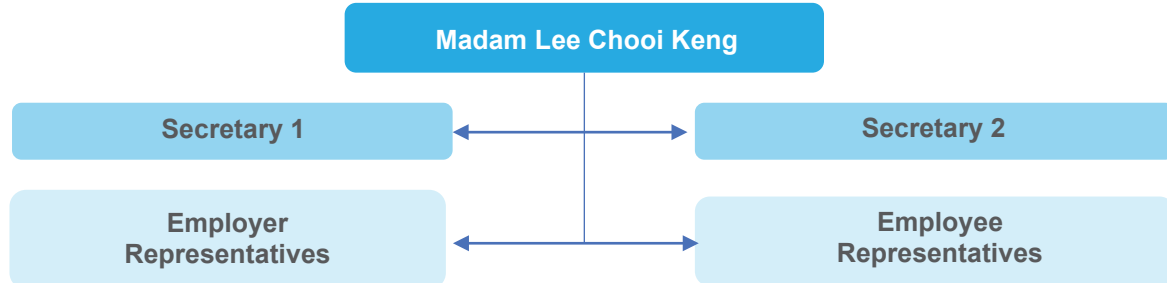
Related UNSDGs:



At Hextar, we prioritise the health and safety of our employees and contractors in our business operations and workplaces. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to increased efficiency and output.

In supporting SDG 3, we have established a Safety, Health and Environmental (SHE) Committee to develop, review and disseminate safety and health standards and procedures, monitor compliance with regulations, recommend corrective actions for potential hazards, and ensure continuous improvement throughout our operations. Leading the charge is our Group Managing Director, Madam Lee Chooi Keng, who chairs our dedicated Safety, Health, and Environmental (SHE) Committee to ensure that performance and directions are discussed at all levels.

Furthermore, we establish joint management-worker health and safety committees at our facility to enable workers from all levels to participate in discussing Occupational Health and Safety ("OHS") matters, including hazards identification, risk assessment, and idea contribution to manage or reduce risk levels.



## ADDRESSING SAFETY AND HEALTH

We are proud to announce that the Occupational Health and Safety Management System of our subsidiaries namely Hextar Chemicals Sdn Bhd, Chempro Technology Sdn Bhd, Alpha Aim (M) Sdn Bhd and Hextar Kimia Sdn Bhd are certified with ISO 45001:2018. We are proud to announce that 50% of our manufacturing facilities are certified with ISO 45001:2018.

Our commitment to best practices is further solidified by our achievement of ISO 45001 accreditation for our facility, a testament to our robust occupational health and safety management system. We don't stop there, though. Through regular internal audits, we comprehensively assess our performance across various areas, including emergency preparedness, chemical and electrical safety, occupational injury and illness, storage safety, food hygiene, sanitation, housekeeping. This proactive approach allows us to identify and address potential risks before they materialize, building a proactive shield around our employees' health and safety.

At Hextar, we firmly believe in fostering a strong safety culture, prioritizing the well-being of all our employees and stakeholders. We achieve this through several key initiatives:

# SUSTAINABILITY STATEMENT

cont'd

## 1. Collaborative Safety Committees:

- Joint management-worker committees: Convening quarterly, these committees empower workers of all levels to discuss:
  - ✓ Hazard identification
  - ✓ Risk assessment
  - ✓ Idea contribution for risk management

## 2. Proactive Risk Management:

- Project life cycle integration: Robust risk management processes are embedded in design and pre-construction stages, ensuring:
  - ✓ Early hazard identification
  - ✓ Continuous risk reduction
  - ✓ Enhanced health and safety management

## 3. Monthly Toolbox Meetings:

- Supervisor-led sessions: Engage workers in open discussions on:
  - ✓ Specific jobsite hazards
  - ✓ Safe work practices
  - ✓ Sharing near-miss experiences and learnings

## 4. Ongoing Communication and Training:

- Regular safety briefings, Induction training and other relevant training programs, and awareness campaigns reinforce safe work practices and SHE policy awareness.



Safety Meeting



Induction Meeting



Safety Toolbox Meeting

## SUSTAINABILITY STATEMENT

cont'd

At Hextar, we offer medical care to our employees, including mandatory health screening and annual health surveillance. We provide designated medical transport at our manufacturing sites to ensure easy access for employees to seek medical attention when necessary. Additionally, we provide health and safety training at the point of recruitment, on-the-job, and regular refresher training to employees. Our training programmes include both knowledge-based and skills-based training, covering topics such as emergency response, hazard and risk management, as well as health awareness. These programmes are reviewed on a regular basis to ensure their relevance.

By combining these measures, we cultivate a collaborative safety culture where everyone feels empowered to identify and address risks, contributing to a healthier and safer work environment for all.

### SAFETY, HEALTH AND ENVIRONMENTAL POLICY

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

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

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

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

Furthermore, our all-encompassing Safety and Health Policy extends its protective shield to all employees, contractors, and external stakeholders. Aligned with regulations like the Occupational Safety and Health Act 1994 (OSHA 1994), the Factories and Machinery Act 1967 (FMA 1967), and the Environmental Quality Act 1974 (EQA 1974), this policy serves as an unwavering commitment to creating a safe haven for everyone within and around our operations.

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

# SUSTAINABILITY STATEMENT

cont'd

## OUR PERFORMANCE

### HEALTH AND SAFETY TRAININGS

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

Training programmes cover areas relevant to on-site safety, such as emergency response, first aid, chemical management, amongst others. In FY2023, a total of 114 participants were given various trainings on health and safety standards.

### NUMBER OF EMPLOYEES TRAINED ON HEALTH AND SAFETY STANDARD

Description	FY2022	FY2023
Executives	75	50
Non-Executive	108	64

### WORK-RELATED INJURIES (EMPLOYEES)

Description / Years	FY2021	FY2022	FY2023
Hours Worked	967,676	1,208,015	1,050,185
Work Related Injuries	0	2	3
Lost Time Incident Rate	0.00	0.33	0.57
Work Related Fatalities	0	0	0

Hextar's ultimate goal is to ensure all workers return home safely each day. We strive for zero fatalities annually by actively preventing and minimizing workplace incidents. However, in FY2023, we experienced three minor injuries involving employees at our Malaysia and Indonesia operations during chemical handling procedures.

#### Pulau Indah Facility: One incident occurred at our Pulau Indah manufacturing facility

In September, 2023 : A worker was exposed to chemical splash in the eye area. The worker was wearing PPE, but it lacked a visor to fully protect the sides of the face. To address this, we have implemented the mandatory use of PPE with of safety goggle and an additional layer visor for all personnel involved in chemical handling activities.

#### Indonesia Facility: Two incidents occurred at our Indonesian manufacturing facility

In May, 2023: A building maintenance worker sustained a scratch on the hand between the thumb and index finger while operating a grinde. We have implemented the mandatory use of grinder covers and anti-scratch hand gloves for all personnel operating grinding tools.

In June, 2023: A utility worker accidentally splashed product into his eyes because he was not wearing safety glasses. We have reinforced the importance of proper PPE use and implemented stricter controls and supervision to ensure all workers wear appropriate safety equipment at all times.

### WORK-RELATED INJURIES (CONTRACTORS)

Description / Years	FY2021	FY2022	FY2023
Work Related Injuries	0	0	0
Work Related Fatalities	0	0	0

Under our stringent control on occupational safety and health affairs in Hextar Group, we are pleased to inform that we have successfully achieved our goal of having zero incidences of fatalities for contractors providing services to Hextar.

# SUSTAINABILITY STATEMENT

cont'd

## EFFECTIVE MANAGEMENT OF CHEMICALS

The use of chemicals and hazardous materials, employees required to handle chemicals must undergo the relevant training and are equipped with PPE, which is compulsory to wear when present within the work area. PPE such as Full-face Respiratory Mask, chemical protective glove to protect hands and wear, chemical protective clothing and safety boots.

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

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

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

## ADDRESSING GLOBAL HEALTH ISSUES

We tackle workplace health concerns and broader global health challenges. Engaging employees and communities through awareness campaigns, sanitation drives, regular testing, vaccinations, fogging and promoting responsible behaviour to curb transmission helps prevent and control COVID-19, HIV/AIDS, tuberculosis, malaria and dengue.

## COMMUNITY INVESTMENT

Related UNSDGs:



We firmly believe that fostering a positive relationship between businesses and communities promotes better social inclusion, and creates tangible and favourable outcomes in the long run. At Hextar, we strive to be a responsible corporate citizen by giving back to the surrounding communities in which we operate, through our community engagement and impact programmes, with a focus on education and social welfare. By investing in education, we aim to nurture local talent to provide them with opportunities to reach their full potential. We are confident that by empowering and supporting exceptional individuals within the communities, we will contribute to forming a high-quality talent pool that will not only benefit Build Up in the near term but also serve as future leaders of organisations. Additionally, we are convinced that our contributions towards the betterment of local communities through welfare-related initiatives will strengthen our relationship with them.

## HEXTAR FOUNDATION

At Hextar, we believe that forging strong partnerships with our communities fosters social inclusion and creates lasting positive impact. Guided by this principle, the Hextar Foundation serves as our dedicated platform for giving back, focusing on three key areas:

1. Empowering Underprivileged Children: We recognize the importance of investing in the future generation. Through various initiatives, we provide opportunities for underprivileged children, granting them the tools and resources to reach their full potential. This includes educational support, access to essential services, and programs that nurture their talents and aspirations.



## SUSTAINABILITY STATEMENT




cont'd

2. **Cultivating Educational Excellence:** We believe education is the cornerstone of individual and community development. Through scholarships, infrastructure development, and technology integration within schools, we strive to enhance the educational landscape in our communities. This ensures children have access to quality education, equipping them with the knowledge and skills necessary for a bright future.
3. **Promoting Sports and Health:** We understand the vital role that physical activity and well-being play in shaping healthy and vibrant communities. By supporting sports programs, providing access to healthcare facilities, and promoting healthy lifestyle initiatives, we aim to empower individuals of all ages to lead active and fulfilling lives.

These core areas of focus demonstrate Hextar's unwavering commitment to community development and social responsibility. By investing in our communities, especially the younger generation, we believe we are building a stronger, healthier, and more prosperous future for all.

### EMPLOYEES ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY IN 2023

Hextar recognizes the importance of employee engagement, fostering a positive working environment and driving organizational success. Throughout FY2023, we actively engaged our employees through various initiatives including Group Events and Training & Development:

Hextar Earth Hour Day	In 2023, Hextar joined millions globally for Earth Hour, switching off lights to show our commitment to fighting climate change. We believe individual actions, combined, create impact. Let's continue seeking a sustainable future, every day.
Hextar Global Berhad Enters FTSE4GOOD Index	Sustainability Recognition: Hextar joins prestigious FTSE4Good Indices, reflecting our strong ESG commitment. We're selected for both FTSE4Good Bursa Malaysia ("F4GBM") Index and FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index.
Hextar Blood Donation Campaign	<p>Hextar champions healthy communities through successful blood drives! Our consistent commitment to blood donation ensures a readily available supply, saving countless lives.</p>  
Buddy Not Bully Talk and Self Defense Workshop at SJK(C) Lick Hung	 <p>Hextar, through the JCI Klang-sponsored Buddy Not Bully program, empowered 400 students at SJK(C) Lick Hung. The talk tackled bullying, cyberbullying, mental health, and self-defense, sparking discussions and fostering empathy. Students learned responsible online behavior and the importance of mental well-being, while self-defense techniques boosted confidence. This initiative promotes kindness, respect, and a safe school environment.</p>

## SUSTAINABILITY STATEMENT

cont'd

Hextar Honored for  
Sustainability Excellence



Hextar proudly received the 2023 Malaysian Sustainability Excellence Award from KSI Strategic Institute. This precognition celebrates our commitment to Environment, Social, and Governance (ESG) practices and Sustainable Development Goals (SDGs).

Dato' Ong Soon Ho and Madam Lee Chooi Keng accepted the award at the Malaysian Sustainability Leadership Summit, marking a pivotal milestone for both companies. We are deeply grateful to our Board Members and employees whose dedication and teamwork fuel our journey towards sustainability excellence.

This award inspires us to continuously improve and build a brighter, more sustainable future. Together, we can make a difference!

Inspiring Moments from  
our Mental Health Day



Hextar teamed up with Tongle Space for a vibrant Mental Health Awareness Day! Mindfulness practices, expert talks, and fun activities fostered a supportive and engaged atmosphere. Self-care kits, high participation, and a shared commitment to mental health underscore our journey towards a mindful and resilient community.

Building Buddies, Not  
Bullies: SJK(C) Chung  
Hua Talk

Empowering SJK(C) Chung Hua. Talk tackled bullying's impact, fostering empathy & responsible online behavior. Building a future free from bullying, one talk at a time.

Hextar Partners with  
PDRM & JCI Klang

300 students at SMK Raja Lumu empowered with knowledge & strategies to combat bullying. Inspiring talks & collaboration with PDRM & JCI Klang create a safe & inclusive environment.



# SUSTAINABILITY STATEMENT

cont'd

## Hextar's Team Building



83 Hextarians bonded over team-building! 8 teams tackled fun challenges, boosting collaboration and teamwork. While one team won, everyone gained stronger bonds and valuable experiences for our company culture. We're committed to building a supportive work environment, and more team-building is on the horizon

## Gotong Royong Event

ESG Warriors from across the company joined forces for a special Gotong Royong event at our Lot 5, Pulau Indah Factory. More than just cleaning, the event fostered teamwork, connection, and a shared purpose beyond the workplace.



## Physiotherapy Talk

Employees learned how to boost their health and well-being through practical exercises and expert tips from Precise Rehab. The session was a hit, showing our commitment to employee health and empowering them to make informed choices for a healthier future.





# SUSTAINABILITY STATEMENT

cont'd

Community Cleanup Event  
host by Hextar.



Hextar & partners led a plogging event, collecting 1,515 kg of waste in 2 hours. 280+ residents, health officials & NGOs joined, promoting community spirit & tackling dengue fever concerns. Mosquito breeding awareness was highlighted, supported by Hextar Foundation's insecticide donation. This builds on last year's initiative, showing our continuous drive for a healthier & cleaner Klang.

Hextar Foundation  
Initiated Food Basket  
Program

Hextar Foundation launched its Food Basket Program in October 2023, nourishing lives in Kampung Pendamar. Partnering with the MPKK, the program delivers essential food to 62 families facing hardship.



Hextar's Triumph at  
the Dato Ong Soon Ho  
Challenge Trophy Indoor  
Football Tournament



At the 3rd Persatuan Alumni Taiwan Football Tournament, our teams showcased teamwork and skill, scoring both 1st and 2nd runner-up! This victory transcends the game, fostering camaraderie & a true Hextar spirit. We're proud of our players and excited for future successes!

# SUSTAINABILITY STATEMENT

cont'd

## We Love Klang Run 2023

"We Love Klang Run" saw a resounding success, drawing an enthusiastic crowd of approximately 1,800 participants. A vibrant warm-up session fostered unity and excitement prior to the competitive run. Following the race, the event culminated in a celebratory atmosphere, featuring diverse cultural dance performances and a thrilling prize draw. Medals and coveted prizes were awarded to deserving runners, solidifying a memorable and impactful community event.



## Hextar's Musang King Party

Hextar fostered community spirit and employee appreciation through a recent Musang King Party. This special event, generously sponsored by Dato Ong, featured a bountiful feast of 350kg of durians and 300 coconuts sourced from PHG Ever Fresh Food (M) Sdn Bhd. The culinary experience further delighted with the inclusion of delicious rambutan and jackfruits from Sungkai farm. For an added touch, delightful durian snacks were available for purchase, leaving everyone with a memorable taste of the festivities.



## Buddy Not Bully Finale

Hextar Foundation joined JCI Bandar Klang to present "Shh," a play addressing school bullying. Over 1000 students witnessed the "Buddy Not Bully" message of kindness and anti-bullying.





# SUSTAINABILITY STATEMENT

cont'd

Sponsored Orphanage, Good Samaritan Home in Klang	 <p>Hextar Group proudly supports the construction of a new Good Samaritan Home, scheduled for completion in June 2024. The new home can accommodate 65 children. This initiative embodies our commitment to empowering communities and fostering a brighter future for those in need.</p>
Sponsorship for SJK (C) HIN HUA fundraising event	Hextar supported SJK (C) HIN HUA's fundraising event with RM18,000, benefiting 2,500 students.
In-House ESG Training	 <p>In 2023, Hextar's Compliance Department delivered 4 in-house ESG awareness training sessions, reaching 100 employees. These sessions aimed to educate and empower our workforce on Environmental, Social, and Governance (ESG) principles, fostering a culture of sustainability and responsibility.</p>
In-House Anti Bribery and Corruption Training	 <p>As part of its commitment to ethical conduct, Hextar's Compliance Department conducts Anti-Bribery and Corruption training during new employee orientation. This program educates staff on identifying and preventing corrupt practices, upholding Hextar's value of integrity.</p>
Training on Corporate Liability	 <p>Hextar hosted an anti-corruption training for senior leadership. SPRM officers equipped board members and management with knowledge on corporate liability under Section 17A, promoting ethical conduct within the company.</p>

# SUSTAINABILITY STATEMENT

cont'd

## 28th Annual Charity Walk-Jog-Wheel-A-Thon 2023

Hextar proudly sponsored the 28th Annual Charity Walk-Jog-Wheel-A-Thon, promoting disability awareness and inclusion. Hextar representatives participated alongside individuals with disabilities in the event, demonstrating a commitment to creating a more equitable community.



## Communication Training

Hextar empowered employees through communication training, honing essential skills for success. This session is part of their ongoing professional development program, fostering a strong and informed workforce.

## PLSC Gel Blaster Event



Hextar rallied 50 employees for a fun-filled PLSC Gel Blaster event, fostering team bonding and a playful spirit. This activity is one of many offered, promoting employee well-being and a positive work environment.

## Badminton Matches



In an exciting display of skill and sportsmanship, Hextar engaged in three friendly badminton matches with Rubberex, JCI Bandar Klang and Opcom. It was a 1 – 2 win for Hextar, with our win against Opcom and losses against Rubberex and JCI Bandar Klang.

Hextar vs Rubberex (0-1)  
Hextar vs JCI Bandar Klang (0-2)  
Hextar vs Opcom (1-2):

## SUSTAINABILITY STATEMENT

cont'd

<p>Anak Tahfiz Kemaman 2022 (Pondok Bistari Chendor Baru Kuantan)</p>	<p>Recognizing the importance of education, Hextar donated RM3,000 to Pondok Bistari, supporting the academic pursuits of 22 Tahfiz students who are dedicated to memorizing the Quran. This contribution aims to alleviate financial burdens and empower these future religious leaders.</p>
<p>Anak Tahfiz Kemaman (Cash Gift)</p>	<p>Extending further support to Tahfiz students, Hextar provided a token of appreciation and encouragement by distributing RM50 cash gifts to each of the 22 students at Pondok Bistari. These gestures aim to motivate and demonstrate our appreciation for their dedication to faith and knowledge.</p>
<p>Sponsorship to PIBG SMK Kijal for Kemuning Hill Challenge 3.0</p>	<div data-bbox="488 734 956 1070" data-label="Image"> </div> <p>Hextar partnered with the PIBG (Parent-Teacher Association) of SMK Kijal by sponsoring RM1,500 for the Kemuning Hill Challenge, an event promoting health and wellness. This initiative encouraged participation and fostered a sense of community spirit among 52 participants.</p>
<p>Sponsorship for Paragliding Competition for Muhammad Aqilluddin &amp; Muhammad Akmalluddin.</p>	<p>Recognizing the potential and passion of young athletes, Hextar proudly sponsored Muhammad Aqilluddin and Muhammad Akmalluddin with a total of RM6,478 for their participation in the paragliding competition. This support aims to empower them to pursue their dreams and excel in their chosen sport.</p> <div data-bbox="472 1249 941 1585" data-label="Image"> </div> <div data-bbox="957 1249 1426 1585" data-label="Image"> </div>



# SUSTAINABILITY STATEMENT

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Sponsorship for World Invention Creativity Olympic (WICO 2023) - SMT KL

Fostering innovation and creativity, Hextar sponsored the WICO 2023 event at SMT KL with a contribution of RM5,000. This initiative directly benefits 5 participants, encouraging them to showcase their inventive spirit and contribute to advancements in various fields.



Sponsorship for "Zakat Run 2023" on 10/12/2023 (Pakej Super)



Hextar actively promotes an active and healthy lifestyle while supporting a noble cause by sponsoring the "Zakat Run 2023" with a donation of RM10,000 under the Super Package. This contribution directly benefits 220 participants and embodies our commitment to community well-being and social responsibility.

Cow Qurban 1444H/2023



Adhering to the principles of Qurban, Hextar donated a cow valued at RM6,000, which benefitted over 52 people from the local community. This act of charity promotes social solidarity and ensures equitable distribution of resources during the festive period.

# SUSTAINABILITY STATEMENT

cont'd

## CONTRIBUTION TO COMMUNITY

Community Investment Performance Data

Description	FY2021	FY2022	FY2023
Total amount invested in the communities	RM180,000	RM52,062	RM126,376
Total number of beneficiaries of the investment in communities	204	294	5,460

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

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

## CORPORATE GOVERNANCE

### GOOD GOVERNANCE AS FOUNDATION FOR A SUSTAINABLE HEXTAR

At Hextar, we recognize that strong governance is not just a compliance obligation, but the bedrock of our long-term success. By upholding ethical and transparent practices, we not only build trust with investors and stakeholders but also create an environment that fosters sustainable growth and unlocks new opportunities.

In this section, we delve into the robust governance framework that guides our operations. We unveil the policies and practices that ensure ethical decision-making, responsible conduct, and unwavering commitment to compliance. It's through these frameworks that we create a solid foundation for economic prosperity, attracting and retaining talent, and ultimately, shaping a future where success goes hand-in-hand with ethical responsibility.






#### Corporate Code of Conduct & Ethics ("Code")

- Employees are required: -
  - To act honestly and legally at all times;
  - To avoid any conducts that could risk or damage the Group's reputation;
  - To ensure confidentiality of the Group's information; and
  - To avoid personal interest being ahead of the Group's interest.
- All applicable laws, rules and regulations must be adhered to accordingly.
- Any conflict of interest must be avoided/ disclosed promptly.
- Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited.
- All employees must not engage in any fraudulent or dishonest activity.
- Discrimination and harassment in workplace are prohibited.



# SUSTAINABILITY STATEMENT

cont'd

	<p><b>Anti-Bribery and Corruption Policy (“ABCP”)</b></p> <ul style="list-style-type: none"> <li>As per the Malaysian Anti-Corruption Commission Act 2009 and the Guidelines on Adequate Procedures issued by the Prime Minister’s Department, the ABC Policy was introduced as part of the Group’s commitment to good corporate governance and to eradicate any form of bribery and corruption.</li> <li>The Group has zero-tolerance against all forms of bribery and corruption.</li> <li>The Group is committed to acting professionally, fairly and with integrity in all business relationships and dealings.</li> <li>Head of Compliance Unit in the Group, Abdul Wahid Bin Abu Bakar has been recognized and commissioned as Certified Integrity Officer (CeIO) by Malaysian Anti-Corruption Academy.</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>
	<p><b>Whistle Blowing Policy</b></p> <ul style="list-style-type: none"> <li>To make report for any suspected and/or known fraud or unethical/improper conducts.</li> <li>For every disclosure made in good faith, all concerns or complaints raised will be treated fairly and with confidentiality in order to protect the whistleblower.</li> <li>The whistleblowing policy has been made aware to all employees under Hextar through mandatory orientation programme which were attended by all employees.</li> <li>Investigation will be conducted and appropriate disciplinary actions will be undertaken, if applicable. For year under review, we recorded zero whistleblowing case.</li> </ul>
	<p><b>Supply Chain Policy</b></p> <ul style="list-style-type: none"> <li>The policy acts as a best practice approach to sustainable procurement and sets out the guiding principles in our supplier selection process, which prioritizes suppliers who adopt sustainability practices in their organizations and business dealings especially in the area of :-             <ol style="list-style-type: none"> <li>(1) Energy use</li> <li>(2) Climate change</li> <li>(3) Water use</li> <li>(4) Biodiversity impacts</li> <li>(5) Pollution</li> <li>(6) Waste reduction</li> <li>(7) Resource use</li> </ol> </li> <li>Hextar’s suppliers are expected to comply with all applicable laws, codes or regulations of the countries, states and localities in which they operate.</li> <li>Suppliers must also ensure that their own vendors, including temporary labour agencies, are in compliance with such laws and regulations. They must also align their practices with any published standards for their industry.</li> </ul>

All the above policies are published on our website at <https://www.hextarglobal.com/ir.php> and being communicated to the employers through various programs and trainings. During FY2023, 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. Thus, no fines, penalties or settlements were imposed or made during the year.

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

# SUSTAINABILITY STATEMENT

cont'd

## ANTI-BRIBERY AND CORRUPTION (ABAC)

Related UNSDGs:



Hextar upholds high standards of business ethics and compliance across the Group as a reflection of our zero-tolerance policy towards corruption and bribery, encompassing all forms of unethical conduct such as kickbacks, fraud, money laundering, and facilitation payments. This policy applies to all board members, employees, and stakeholders, ensuring a unified front against corruption. This is crucial for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

### CODE OF ETHICS & CONDUCT, ANTI BRIBERY & CORRUPTION POLICY AND WHISTLE BLOWING POLICY

The Board and senior management remain committed to conducting business with integrity, guided by our Code of Ethics and Conduct, which communicates Hextar's fundamental principles and guidelines to all employees, including Directors in addressing ethical issues and carrying out their responsibilities. The Group's zero tolerance stance against corruption is outlined in our Anti-Bribery and Corruption ("ABC") Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's Code of Ethics and Conduct, ABC Policy, and other accompanying policies and procedures. Once they have completed the induction, all employees must also complete a mandatory test that they have thoroughly understood the policies and procedures. Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the ABC Policy. All suppliers will need to sign a declaration indicating their agreement to abide by the guidelines and policies set forth by Hextar in their business dealings.

Hextar has established a dedicated whistleblowing channel under the Whistleblowing Policy, which allows employees and external stakeholders to report improprieties confidentially through email, telephone, or mail. The Group has made our CoC, ABC Policy and Whistleblowing Policy available on our corporate website and company intranet to ensure they are accessible to all stakeholders.

### OUR APPROACH

We actively implement comprehensive risk management processes to mitigate potential bribery and corruption risks. This includes:

- Regularly reviewing and updating our Anti-Bribery and Corruption Policy to align with evolving regulations and best practices.
- Providing mandatory anti-corruption training to all employees, including Board members, during onboarding and periodically thereafter. This training equips them with the knowledge and tools to identify and report potential risks.
- Establishing clear reporting mechanisms through whistleblowing channels, allowing employees and stakeholders to confidentially report suspected unethical behavior. We ensure these channels are accessible and protected from retaliation.
- Conducting comprehensive risk assessments to identify potential bribery and corruption risks across our operations, particularly in high-risk areas. This includes assessing the risk associated with intermediaries, contractors, and agents.
- Clearly communicating our Anti-Bribery and Corruption Policy to all stakeholders, including business partners, contractors, and subcontractors. We also share our expectations regarding ethical conduct and compliance with relevant regulations.
- Enforcing our Code of Conduct through disciplinary measures for violations, demonstrating our serious commitment to upholding ethical standards.
- Regularly reviewing our ethical culture through surveys, focus groups, and assessments to identify areas for improvement and ensure our policies and practices are effective.

# SUSTAINABILITY STATEMENT

cont'd

We are proud to report that in FY2023, we had zero cases of Anti-Bribery and Corruption reported. This achievement serves as a testament to the effectiveness of our risk management frameworks and the unwavering commitment of our employees and stakeholders to uphold ethical conduct.

## OUR PERFORMANCE

### Corruption risk assessment

This year we have undertaken a corruption risk assessment that covers operations in agrochemicals and specialty chemicals segments.

Description	FY2021	FY2022	FY2023
Percentage of operations that underwent corruption risk assessments	50%	55%	67%

### Corruption-related training

All employees have completed the necessary training in 2023. Additionally, employees are required to complete a staff declaration form to indicate compliance with our existing Anti-bribery and Corruption policy.

Employee Category	Attended ABC Awareness Training (%)		
	FY2021	FY2022	FY2023
Executive	41%	96%	94%
Non-Executive	0%	5%	29%

### Corruption incidents

As of 31 December 2023, we recorded zero incidents of corruption across Hextar Global Berhad's business operations.

Description	FY2021	FY2022	FY2023
Number of confirmed corruption incidents	0	0	0

As part of our commitment to ethical conduct, Hextar integrates comprehensive Anti-Bribery and Corruption (ABC) training into the new employee orientation process. This ensures all employees receive crucial knowledge and understanding of responsible business practices from the outset.



Anti Bribery & Corruption Training at Hextar's facility in Bandar Tenggara, Johor



Anti Bribery & Corruption Training at Hextar's HQ in Kota Bayuemas, Klang

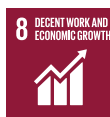
## SUSTAINABILITY STATEMENT

cont'd

We recognize that the fight against corruption is an ongoing battle. We remain committed to continuously strengthening our anti-corruption program and fostering a culture of integrity throughout our organization. By prioritizing ethical business practices, we believe we can contribute to a more transparent and responsible business environment for all.

### ECONOMIC PERFORMANCE

Related UNSDGs:



Hextar's financial performance supports the creation of long-term value and the Group's sustainability agenda. We are mindful of our responsibilities to create decent employment opportunities and promote economic development within the local communities. Our ultimate goal is to ensure long-term resilience by leveraging our assets and sharing the generated wealth with our stakeholders.

Hextar's approach to sustaining and achieving good economic performance is by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, pursuing technological advancement, mitigating identified risks relevant to our business as well as pursuing market expansion through diversification into new geographies.

### FINANCIAL PERFORMANCE

**REVENUE**  
**RM669.0**  
**million**

\*FY2022: RM594.9 million  
FY2021: RM464.1 million

**GROSS PROFIT**  
**RM203.6**  
**million**

\* FY2022: RM171.3 million  
FY2021: RM105.0 million

**PROFIT  
AFTER TAX**  
**RM67.7**  
**million**

\*FY2022: RM59.0 million  
FY2021: RM39.2 million

*\*restated to exclude discontinued operations*

This year, the Group recorded a total revenue of RM669.0 million, with the majority of the revenue derived from the Agriculture segment, represented 51.7%. Hextar continuously generates wealth for our stakeholders, as shown above.

In spite of the soaring raw material prices due to global supply chain disruption, our economic resilience is proven by our business expansion strategy via venturing into specialty chemicals segment as well as effective business management in our agriculture segment resulting in better revenue contribution.

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

Further analysis on the financial performance for FY2023 can be referred to Management Discussion and Analysis section in this Annual Report.

# SUSTAINABILITY STATEMENT

cont'd

## BUSINESS EXPANSION

### HEXTAR GLOBAL BERHAD EXPANDS INTO THE DURIAN INDUSTRY THROUGH THE ACQUISITION OF PHG GROUP

Hextar Global Berhad expands its horizons by venturing into the booming durian industry through the acquisition of PHG Group. This strategic move positions Hextar to capitalize on the surging demand for the “King of Fruits”, particularly the prized Musang King variety, both domestically and internationally.

PHG Group stands as one of the largest durian processing factories and exporters in Malaysia. Their well-established presence includes over 30 years of experience and a robust network of purchasing and wholesale stations strategically located in durian-rich regions like Raub and Tangkak. Equipped with advanced facilities like liquid nitrogen freezers and extensive cold storage, PHG Group ensures the freshness and high quality of their durian exports exceeding 3,000 tons annually. Their reach extends to major durian consuming countries like China, Hong Kong, and the United States, with accreditations such as GMP and HACCP further solidifying their commitment to quality and safety.

This acquisition presents a compelling opportunity for Hextar. It creates a new revenue stream, strengthens their Fruits business segment, and allows them to participate in the robust growth of the durian industry. Additionally, Hextar can leverage existing expertise to supply essential agrochemicals and fertilizers to PHG Group's suppliers, fostering a strategic and synergistic relationship. With China's durian production still in its nascent stages, Hextar is confident that their venture into durian processing aligns perfectly with the industry's projected growth and increasing global demand for this coveted fruit.



### REWARDING SHAREHOLDERS

At Hextar, we believe in rewarding our shareholders for their continued trust and support, while concurrently aligning these actions with our Environmental, Social, and Governance (ESG) principles. Responsible and transparent shareholder engagement is a cornerstone of good governance, fostering long-term value creation and trust within the financial ecosystem. By sharing our success through dividends and bonus issues, we empower our shareholders to be active participants in our sustainable journey. This reinforces our commitment to long-term growth and shared prosperity, ultimately contributing to a more sustainable future for all.

Furthermore, our approach to rewarding shareholders extends beyond mere financial returns. We are committed to aligning compensation with sustainability goals, incentivizing both management and employees to prioritize sustainable practices and achieve tangible ESG outcomes. This ensures that financial success is pursued hand-in-hand with environmental and social responsibility.



## SUSTAINABILITY STATEMENT

cont'd

Our commitment to ESG extends beyond financial incentives. Recognizing its critical impact on long-term success and value creation, our Board of Directors actively oversees the implementation and progress of our ESG initiatives. Their dedication ensures that ESG considerations are embedded in all decision-making processes, aligning our goals with the expectations of our stakeholders and broader society.

At Hextar, we firmly believe in rewarding our shareholders for their continued trust and support. We strive to achieve this through two primary methods: bonus issues and dividend distributions.

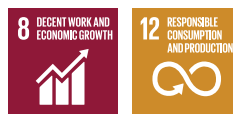
### DIVIDEND DISTRIBUTION

We understand the importance of regular dividend payments as a sign of the Group's success and future potential. In FY2023, we declared an interim single-tier dividends of 1.0 sen per share amounted to a total of RM38.8 million, indicating a payout ratio of 59%.

We wish to express our utmost gratitude to our shareholders for their long-term support.

### QUALITY ASSURANCE AND PRODUCT RECOGNITION

Related UNSDGs:



At Hextar, we believe that product quality and positive brand recognition are intertwined, forming the foundation of our market presence and commitment to delivering value to our customers. With the expansion into new business segments, we now offer a diverse range of products across three major categories:

### AGRICULTURE

Hextar stands out as a leading player in the agrochemical industry, recognised for its extensive brand awareness and diverse product portfolio. We offer over 600 branded agrochemicals, including herbicides, insecticides, fungicides, and more, serving over 30 countries worldwide. Transparency is paramount, with all our products labeled with accurate information and chemical contents, adhering to relevant regulations and guidelines.

### SPECIALITY CHEMICALS

Hextar now offers specialty chemicals catering to various industries, including institutional, food & beverage, and industrial sectors. Our subsidiary Chempro provides cleaning products like detergents, sanitizers, and coatings, while Nobel and TufBond specialize in synthetic latex polymers for paints, coatings, and textiles. We actively launch new products like fog sanitizers, industrial polymers, and chlorinated cleaners, demonstrating our commitment to continuous innovation.

### FRUITS

Hextar Fruits, our subsidiary, manages a durian plantation and exports high-quality durian to international markets. We are committed to enhancing our product variety and expanding our market presence across all segments to ensure sustainable growth.

# SUSTAINABILITY STATEMENT

cont'd

We are committed to continuous improvement in all aspects of our operations, including product quality, sustainability, and customer satisfaction. We actively seek feedback from stakeholders and utilize it to refine our processes and product offerings.

As we move forward, we remain focused on delivering high-quality, innovative products that meet the evolving needs of our customers. We will continue to invest in research and development, expand our product portfolio, and maintain our commitment to ethical and sustainable practices.

## MASTERING QUALITY

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

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

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

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

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

# SUSTAINABILITY STATEMENT

cont'd

Entity		Scope of Accreditation
Speciality Chemical	Hextar Kimia Sdn Bhd	<b>ISO 9001:2015</b> Corporate support services for supply and delivery of chemicals
		<b>ISO 14001:2015</b> Corporate support services for supply and delivery of chemicals
		<b>ISO 45001:2018</b> Corporate support services for supply and delivery of chemicals
	Chempro Technology (M) Sdn Bhd	<b>ISO 9001:2015</b> Development, manufacture and marketing of specialty chemicals  <b>ISO 45001:2018</b> Development, manufacture and marketing of specialty chemicals  <b>SIRIM ECO 003:2004</b> Biodegradable cleaning agents  <b>Certification of Authentication Halal</b> Several cleaning agents, softeners and conditioners

## RESEARCH AND DEVELOPMENT

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

Hextar Biogas had also performed R&D on the usage of enamel coated steel and explore cooperation opportunities for the investment in biogas engineering projects.

### Usage of Enamel Coated Steel

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

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

### Exploring Cooperation Opportunities in Biogas Engineering Projects

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



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

# SUSTAINABILITY STATEMENT

cont'd

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

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



## SUPPLY CHAIN MANAGEMENT

Related UNSDGs:

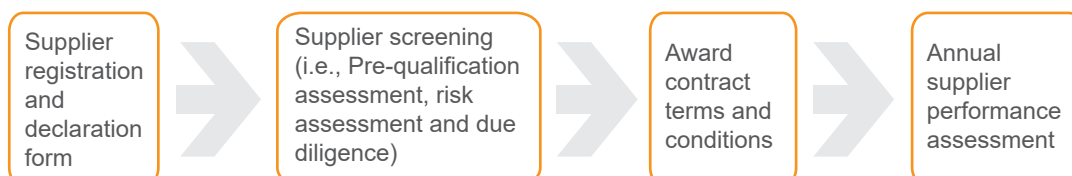


Hextar is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by incorporating sustainability elements throughout our procurement lifecycle. We firmly believe in supporting local businesses and driving economic growth in the communities where we operate. To achieve this, we prioritise sourcing from local suppliers and providing business opportunities to small and medium enterprises ("SMEs") contractors, improving their livelihoods. We ensure that our sustainability expectations pertaining to procurement practices are extended to our suppliers, which include contractors, service providers, and consultants.

## SUPPLY CHAIN POLICY

All of our suppliers are required to adhere to Hextar's Supply Chain Policy which encompasses our principles and guidance for sustainable procurement practices. This policy entails suppliers' adherence to Hextar's ethical business practices, including zero corruption, minimising environmental impacts and safeguarding employees' and workers' rights. This policy should be read together in conjunction with our ESG Policy and Anti Bribery and Corruption Policy, all of which can be accessed through our corporate website.

We are committed to ensuring that our procurement practices are fair and transparent in order to award tenders to the most credible suppliers while also collaborating with socially and environmentally conscious suppliers. We have adopted a procurement system that allows suppliers to efficiently undertake the following procurement processes:



## SUSTAINABILITY STATEMENT

cont'd

Recognizing the importance of responsible sourcing, Hextar integrates sustainability elements throughout its entire procurement process, from the initial registration of suppliers to the annual performance assessment. This commitment extends beyond simply meeting operational needs; we also prioritize sourcing products and services locally whenever possible. This practice not only contributes positively to the local economy but also minimizes our carbon footprint through reduced transportation requirements.

In 2023, we further elevated our sustainability efforts by introducing a comprehensive "Sustainability Supply Chain Survey." This mandatory survey, completed by all new and existing suppliers, assesses their practices against our defined sustainability criteria, focusing on ethical dealings, health and safety, environmental management, and adherence to human rights principles. By making this assessment part of our evaluation process, we aim to drive awareness and encourage responsible sourcing practices throughout our entire supply chain.

Following the assessment, we categorize our suppliers based on their level of sustainability maturity. This enables us to tailor support and resources to each supplier, helping them embrace sustainable sourcing principles and build a more resilient and responsible supply chain for the future.

This combined approach, encompassing local procurement and comprehensive sustainability assessments, ensures that Hextar not only meets its operational needs but also contributes to a more sustainable and ethical business environment for all stakeholders.

### OUR PERFORMANCE

Description	Target FY2023	Actual FY2023
Percentage of new suppliers that were screened using environmental criteria	50%	70%
Number of suppliers assessed for environmental impacts	80%	82%
Percentage of new suppliers that were screened using social criteria	50%	70%
Number of suppliers assessed for social impacts	80%	82%

SEGMENT	SPENDING	FY2021 (%)	FY2022 (%)	FY2023 (%)
AGRICULTURE	LOCAL	19%	31%	34%
	OVERSEA	81%	69%	66%
SPECIALITY CHEMICAL	LOCAL		72%	49%
	OVERSEA		28%	51%
OVERALL	LOCAL	19%	45%	40%
	OVERSEA	81%	55%	60%

As part of our efforts to support the local economy and gearing towards the SDG Target 8.1, except for Hextar Biogas BEE and International Chemical Engineering Pty Ltd (a subsidiary of Hextar Kimia) ("ICE"), at least 40% of our procurement were made within Malaysia. Moving forward, we will continue to support the local economy by sourcing available raw materials locally, whenever possible.

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

In FY2024, we will focus on deepening supplier engagement by expanding training programs and collaboration initiatives to encourage greater adoption of sustainable practices. We are committed to transparency and reporting, and we will strengthen our mechanisms to provide stakeholders with clearer information on our supply chain ESG performance. Finally, we will continue to identify and mitigate ESG risks within our supply chain through comprehensive evaluation and proactive measures.

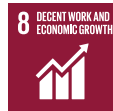


# SUSTAINABILITY STATEMENT

cont'd

## CUSTOMER SATISFACTION

Related UNSDGs:



The Group acknowledges that customer satisfaction and loyalty are key factors in achieving long-term success and maintaining our reputation as one of the leading developer and service provider in the market. With this in mind, we strive to enhance customer satisfaction by considering their feedback and ensuring that high quality standards are met across all our products and services. Specifically in our agrochemical segment, we provide more than just the products, as we support our customers with a full range of customer service from pre-sales stage to post-sales stage as follows: -

### Pre-Sales

Product Demonstration

### On-Site

Field Testing Session

### Post-Sales

Provide Technical Advice to  
Improve Customers' Crops Yield

Pre-Sales:



**Product Demonstrations:** Our dedicated team conducts on-site product demonstrations at plantations. These demonstrations allow farmers to see firsthand how our products work, ask questions, and voice any concerns they may have about the agrochemical industry. We believe in open dialogue and use these sessions as a platform to understand their challenges and tailor solutions accordingly.

**Field Testing Sessions:** We believe in the power of real-world results. We offer field testing sessions where farmers can test our products on their own crops.

## SUSTAINABILITY STATEMENT

cont'd



The image showing a section of unhealthy, wilted oil palm trees on the left side and a healthy, thriving oil palm trees on the right side. This allows them to witness the potential benefits of our solutions before making a purchase decision.



### Post-Sales:

**Technical Advice:** Our commitment extends beyond the sale. Our team provides ongoing technical advice to help farmers improve their crop yields.

We share best practices and offer guidance to ensure they get the most out of our products and achieve optimal results.

By investing in comprehensive customer service, we aim to build long-term partnerships with our customers in the agrochemical segment. We believe that their success is our success, and through open communication and tailored solutions, we can address their concerns and collaboratively navigate the challenges of the agrochemical industry.

### OUR APPROACH

At Hextar, we recognize the importance of building strong customer relationships and ensuring their satisfaction throughout their journey. To address specific concerns related to logistics and products, we have designated a dedicated team within our marketing division to handle these inquiries efficiently.

This dedicated team serves as a central point of contact for customers facing issues with deliveries, product functionalities, or any other logistics- or product-related concerns. This ensures a seamless and efficient resolution process, as customers don't need to navigate through different departments.

Furthermore, our commitment extends beyond just handling complaints. We actively learn from customer feedback regarding logistics and product experiences. This valuable information is shared with our project teams, allowing us to identify areas for improvement, implement solutions, and continuously enhance our offerings.

# SUSTAINABILITY STATEMENT

cont'd

To further elevate our customer-centric approach, we regularly conduct employee training programs focused on complaint handling procedures. This ensures that all our team members are equipped to handle complaints professionally, empathetically, and in a timely manner.

By combining a dedicated team, accessible support platforms, continuous improvement based on feedback, and ongoing employee training, we strive to provide exceptional customer service and address all logistics and product concerns efficiently, ultimately fostering long-lasting and positive relationships with our valued customers.

## CUSTOMER SATISFACTION SURVEY

We are committed to enhancing our customers' experience by engaging with them through multi-faceted channels, including obtaining periodic feedback and conducting our annual Customer Satisfaction Survey questionnaire. These efforts enable us to gain insights into our customers' needs and expectations and enhance our products and services offerings. This Customer Satisfaction Survey questionnaire covers a range of topics, including but not limited to:

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

Any complaints or feedback received from our customers are handled by our people within a short period of time in accordance with our internal Standard Operating Procedures. In FY2023, we received **27 complaints** and we have addressed all complaints promptly and professionally. We take all positive or negative feedbacks constructively by developing customers' feedback into appropriate improvement plans to enhance our quality of products and services.

## OUR PERFORMANCE

Customer satisfaction index of the main agroculture operations subsidiary company which had conducted survey:-

FY2021	FY2022	FY2023
Local : 79%	Local : 81%	Local : 93%
Overseas : 85%	Overseas : 85%	Overseas : 97%

## CYBERSECURITY & DATA PROTECTION

Related UNSDGs:



## DATA PRIVACY AND SECURITY OF CUSTOMERS

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

## SUSTAINABILITY STATEMENT

cont'd

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

### Your Data, Our Responsibility:

- **Strict Data Privacy Policy:** We adhere to a comprehensive Data Privacy Policy that outlines how we collect, use, and protect your personal data. This policy is readily available for your review and ensures transparency in our data handling practices.
- **Robust Security Measures:** We implement industry-leading security measures, including robust firewalls, encryption technologies, and access controls, to protect your data against unauthorized access, theft, or misuse.
- **Continuous Improvement:** We are constantly reviewing and updating our security protocols to stay ahead of evolving cyber threats. Our commitment to continuous improvement ensures your data remains secure in an ever-changing digital landscape.

### HEXTAR'S IT POLICY AND PROCEDURES

Hextar takes the security of your data very seriously. We have established comprehensive IT policies and procedures to safeguard customer information and ensure its confidentiality, integrity, and availability. These policies cover various aspects of data handling, including:

- **Electronic File Storage:** This section outlines how Hextar stores electronic files securely, including procedures for file categorization, storage locations, and data backup.
- **Email and Internet Usage:** This section details proper email etiquette, internet browsing guidelines, and acceptable use policies to protect against online threats.
- **Information Security:** This section outlines Hextar's commitment to information security, encompassing data protection practices, reporting suspicious activity, and employee security training.
- **Password Protection:** This section emphasizes the importance of strong passwords and outlines procedures for creating and managing them.
- **Data Backup and Recovery:** This section details Hextar's data backup and recovery plan to ensure information availability in case of unforeseen circumstances.
- **Personal Data and Privacy Policy:** This section outlines Hextar's commitment to protecting your personal data, including what information is collected, how it is used, and how it is secured.

For comprehensive details regarding each policy, we plan to publish the complete Hextar IT Policy and Procedures document online on our official website by the end of 2024. In the meantime, if you have any questions about our data security practices, please do not hesitate to contact us.

### OUR PERFORMANCE

As of 31 December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

DESCRIPTION	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

# SUSTAINABILITY STATEMENT

cont'd

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Executive	Percentage	94.00
Non-executive/Technical Staff	Percentage	29.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	67.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	126,376.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5,460
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Executive Under 30	Percentage	21.62
Executive Between 31-40	Percentage	32.13
Executive Between 41-50	Percentage	28.23
Executive Above 50	Percentage	18.02
Non-executive/Technical Staff Under 30	Percentage	40.23
Non-executive/Technical Staff Between 31-40	Percentage	32.47
Non-executive/Technical Staff Between 41-50	Percentage	18.12
Non-executive/Technical Staff Above 50	Percentage	9.18
Gender Group by Employee Category		
Executive Male	Percentage	57.00
Executive Female	Percentage	43.00
Non-executive/Technical Staff Male	Percentage	83.00
Non-executive/Technical Staff Female	Percentage	17.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 50	Percentage	17.00
Above 50	Percentage	83.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	2,678.38
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.57
Bursa C5(c) Number of employees trained on health and safety standards	Number	114
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Executive	Hours	1,909
Non-executive/Technical Staff	Hours	1,793
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	13.00
Bursa C6(c) Total number of employee turnover by employee category		
Employee	Number	108
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	40.00
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	75.373000

Internal assurance    External assurance    No assurance

(\*)Restated



# SUSTAINABILITY STATEMENT

cont'd

## GRI Content Index

GRI Standard		Disclosure	Page number
General disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details Annual Report	02
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	2-3	Reporting period, frequency and contact point	32
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	2-11	Chair of the highest governance body	33
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	2-13	Delegation of responsibility for managing impacts	34
	2-14	Role of the highest governance body in sustainability reporting	34
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	2-18	Evaluation of the performance of the highest governance body	114
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	2-21	Annual total compensation ratio	n/a
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	2-25	Processes to remediate negative impacts	n/a
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	2-27	Compliance with laws and regulations	n/a
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GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	90

# SUSTAINABILITY STATEMENT

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Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	37 - 40
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	89
	205-2	Communication and training about anti-corruption policies and procedures	89
	205-3	Confirmed incidents of corruption and actions taken	89
Health & Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	37 - 40
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	72, 74
	403-4	Worker participation, consultation, and communication on occupational health and safety	73
	403-5	Worker training on occupational health and safety	75
	403-9	Work-related injuries	75
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	305-2	Energy indirect (Scope 2) GHG emissions	52
	305-3	Other indirect (Scope 3) GHG emissions	52
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Employee Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	37 - 40
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	69
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GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	71

# SUSTAINABILITY STATEMENT

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Waste Management			
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Note : Not applicable (n/a)

## Assurance Statement

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement has been subjected to an internal review by the company's internal auditors, namely Eco Asia Governance Advisory Sdn Bhd ("Eco Asia"). The main objective of the review and verification process is to provide assurance to the Group and our stakeholders on the accuracy and reliability of the information as presented in this report. The verification by Eco Asia applies to selected sustainability performance information within the assurance scope.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Statement has been prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) and it should be read in conjunction with the Company’s Corporate Governance Report 2023, which is available on the corporate website at <https://www.hextarglobal.com/ir.php>.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I – BOARD RESPONSIBILITIES

#### Board’s Duties and Responsibilities

The Board oversees the Group’s business and performance and is collectively accountable for the Group’s long-term sustainability and success. The Board meets regularly to review corporate strategies, operations, and performance across business segments, leveraging independent judgement to address performance issues, resource allocation, standards of conduct and strategies related to environmental, social and governance (“ESG”) factors that enhance sustainability value. Among the Board’s core responsibilities is the development and evaluation of strategic plans for each business segment, ensuring the provision of necessary resources to achieve the Group’s objectives.

Responsibilities for managing the Group’s operational business are delegated to the Group Managing Director, Executive Director, and Management, with a focus on optimizing operational efficiencies, with periodic updates received by the Board. All management responsibilities are channelled through the Group Managing Director, Madam Lee Chooi Keng who holds principal obligations in focusing, leading, addressing, overseeing, regulating, managing, and controlling, as well as communicating the Company’s goals and objectives.

To effectively execute its functions and responsibilities, the Board has delegated certain responsibilities to the following Board Committees as outlined in their respective Terms of Reference (“TOR”):

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

The Board is kept apprised of the activities of the Board Committees through reports presented by the respective Chairperson at each Board meeting as well as through minutes of all committee meetings. Deliberations and views on significant matters are pursued by Board members collectively. All major decisions will be considered by the Board as a whole.

On 20 November 2023, the Chairman and all Non-Executive Directors (“NED”) met to deliberate the matters concerning the Group’s strategy, governance, and operations. The NED discussion was facilitated by the Company Secretary to ensure the discussion was robust, and a summary report was prepared and presented at the subsequent Board meeting for deliberation. Management was then advised on necessary improvements and actions to reinforce the Group’s strategy and operations.

#### Chairman of the Board & Separation of Positions between the Chairman and Group Managing Director

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

#### Chairman of the Board & Separation of Positions between the Chairman and Group Managing Director (Cont'd)

The roles of the Chairman of the Board and the Group Managing Director are held by different individuals, each with clearly defined and distinct roles. Their roles are formally documented in the Company's Board Charter to ensure a balance of power and authority between the Chairman and the Group Managing Director:

#### CHAIRMAN

**Dato' Sri Dr Erwan Bin  
Dato' Haji Mohd Tahir**

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

#### GROUP MANAGING DIRECTOR

**Madam Lee Chooi Keng**

- Responsible for day-to-day operations of the Group's business and the implementation of the agreed business policies and directions set by the Board and of all operational decisions in managing the Group.
- Ensuring all applicable rules and regulations for the conduct of affairs are in compliance and performed at the highest level of integrity and transparency.
- Developing and implementing the Group's short & long terms corporate strategies, the Board's suggestions, decisions and complying with the policies adopted by the Company.
- Maintaining awareness of the competitive market landscape, expansion, opportunities, and industry developments.
- Assessing all business opportunities which are potentially beneficial to the Group.

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

#### Company Secretary

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

The Company Secretaries attended all Board and Board Committee meetings, as well as the proper facilitation of discussions among Non-Executive Directors ("NED"). Their presence ensured that all meetings and the NED discussions were properly convened, and all deliberations and decisions were accurately minuted and recorded. The Company Secretaries offer advisory services to the Board concerning the Company's constitution, policies and procedures adopted by the Company, corporate disclosures, corporate governance matters, compliance with regulatory requirements and law, keep the Board abreast of the changes in MCGG and MMLR and assist the Board in applying corporate governance best practices.

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

#### Board Meetings, Access to Meeting Materials, Information and Advice

The Board's commitment to carrying out their duties and responsibilities is affirmed by their attendance at the meetings held during the financial year 2023 ("FY2023"). The Board meets at least five (5) times annually to review the operational and financial performance of the Group. Additional Board meetings were held to deliberate urgent, and material matters for better deliberation and to seek the Board's advice and approval, as and when necessary.

To facilitate robust Board discussion, meeting papers are furnished to the Board and the respective Board Committees via email at least five (5) business days prior to the meetings, and hard copies are provided upon request by the Board members.

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

In 2023, the members of the Board and Board Committees had discharged their roles, duties, and responsibilities in accordance with the Board Charter and TOR of the respective Board Committees. The attendance of the Directors and Committee Members at the meetings for the FY2023 are as follows:

Name of Directors	Number of Meetings Attended/Held						
	Board	AC	RMC	NRC	AGM	EGM	NED*
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	8/9	6/6	2/2	1/1	1/1	1/2**	1/1
Dato' Ong Soon Ho	9/9	-	-	-	1/1	2/2	1/1
Lee Chooi Keng	9/9	-	2/2	-	1/1	2/2	-
Yeoh Chin Hoe	9/9	6/6	2/2	1/1	1/1	2/2	1/1
Liew Jee Min @ Chong Jee Min	9/9	6/6	-	1/1	1/1	2/2	1/1
Rayburn Azhar Bin Ali	9/9	-	-	-	1/1	2/2	-

Notes:

\* Non-Executive Directors' ("NED") discussion was held on 20 November 2023.

\*\* Dato' Sri Dr Erwan was absent from the Extraordinary General Meeting held on 26 October 2023.

#### Directors' Training

In accordance with Paragraph 15.08(3) of the MMLR, the Board members attended various training programmes during FY2023 as follows to ensure that they are kept abreast of relevant developments in business updates, accounting standards, regulations, and practices:

Name of Directors	Programme Title
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	<ul style="list-style-type: none"> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>
Dato' Ong Soon Ho	<ul style="list-style-type: none"> <li>Corporate Liability Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act</li> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

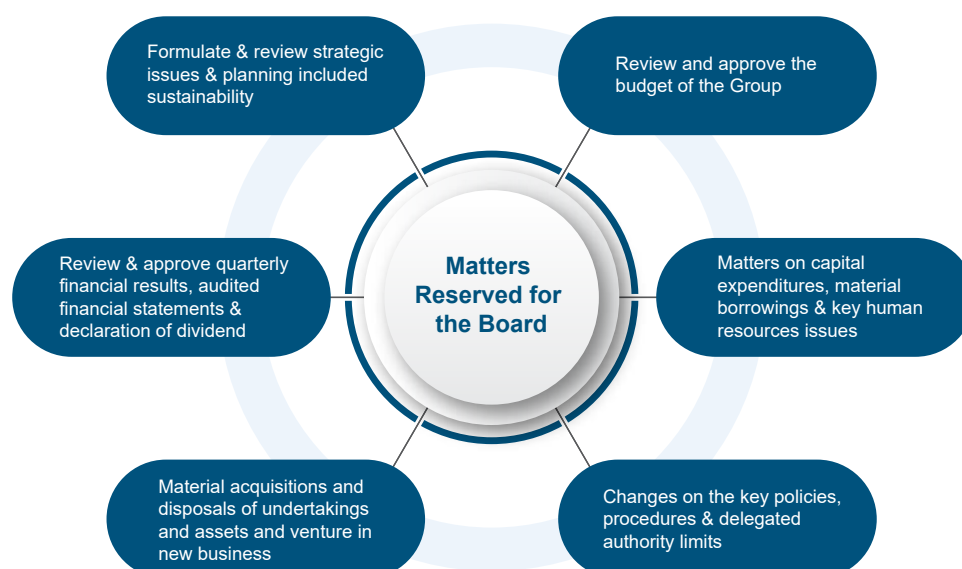
#### Directors' Training (Cont'd)

Name of Directors	Programme Title
Rayburn Azhar Bin Ali	<ul style="list-style-type: none"> <li>Integrated Management System ("IMS") – Awareness</li> <li>IMS – Understanding Requirements</li> <li>Mandatory Accreditation Programme ("MAP")</li> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>
Lee Chooi Keng	<ul style="list-style-type: none"> <li>Corporate Liability Section 17A of the MACC Act</li> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>
Yeoh Chin Hoe	<ul style="list-style-type: none"> <li>2023 BNM Governor's Address on the Malaysian Economy &amp; Panel Discussion</li> <li>2023 Board and Audit Committee Priorities</li> <li>Corporate Liability Section 17A of the MACC Act</li> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>
Liew Jee Min @ Chong Jee Min	<ul style="list-style-type: none"> <li>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers (Repeat Session)</li> <li>Directors' Interest in Contracts and Conflict of Interests</li> </ul>

#### Board Charter, Corporate Code of Conduct & Ethics and Policies

##### (i) Board Charter and Policies

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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

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

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

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

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

##### (ii) Whistleblowing Policy

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

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

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

##### (iii) Anti-Bribery and Corruption Policy & Procedures

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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

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

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

##### (iv) Sustainability

The Board together with Senior Management are responsible for the governance of sustainability in the Group including setting the sustainability strategies, priorities, and targets.

The Company has established an Environmental, Social and Governance ("ESG") Committee comprising senior management representatives from relevant departments including Health & Safety, Social Compliance & Governance, Human Resources, Finance, Risk & Compliance, and Madam Lee Chooi Keng, a Board Member acting as an advisor to oversee the climate change and the health and safety of Hextar Group. ESG Committee is responsible for overseeing the implementation of the Group's sustainability strategy, monitoring progress towards established goals, recommending improvement initiatives, and fostering cross-functional collaboration and knowledge sharing among departments on ESG matters.

The Department Sustainability Working Group ("DSWR"), comprising representatives from various departments within the Group, and is responsible for the day-to-day implementation of the organization's strategies and plans. DSWR is responsible for translating the overarching sustainability strategy into department-specific action plans and initiatives. The working group regularly monitors progress, shares best practices, and collaborates on cross-departmental sustainability initiatives.

The Board is assisted by the ESG Steering Committee, comprising senior management representatives from relevant departments including Health & Safety, Social Compliance & Governance, Human Resources, Finance, Risk & Compliance, and Madam Lee Chooi Keng, a Board Member acting as an advisor, oversees the implementation of the Group's sustainability strategy, monitors progress towards established goals, and recommends improvement initiatives. The Committee also facilitates cross-functional collaboration and knowledge sharing among departments on ESG matters.

The Board pursues effective communication to keep shareholders and stakeholders updated on the Company's sustainability matters and achievements from time to time. Hextar Group's sustainability commitment statement in respect of the climate change impacts on Greenhouse Gas ("GHG") emissions, commitments in each Environmental, Social and Governance aspect, as well as sustainability targets corresponding to the performance achieved in FY2023, can be accessible on the corporate website at <https://www.hextarglobal.com/our-sustainability/> and the Company's Sustainability Report 2023.

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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

##### (iv) Sustainability (Cont'd)

The Board provides guidance on the development of the Company's business strategies and reviews the effectiveness of all programmes to ensure they are fit-for-purpose and are sustainable. The Board also ensures that sustainability goals are integrated into business goals. Hence, sustainability is naturally a vital facet of the Group's business strategies.

In a notable move, Hextar joined the United Nations Global Compact initiative in 2022. This voluntary commitment places the Company among thousands globally dedicated to responsible business practices. It involves adherence to universally accepted principles covering human rights, labour, environment, and anti-corruption. This alignment supports the UN's broader goals and issues encapsulated in the Sustainable Development Goals ("SDGs").

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

#### Board Size, Composition and Diversity

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

Nevertheless, the Company is actively seeking a suitable Independent Director, taking into consideration of gender, experiences and the current Board skills matrix. This endeavour aims to strengthen the overall Board Composition by ensuring a majority of Independent Directors, as recommended in Practice 5.2 of the MCGG.

#### Board of Directors

##### Independent Non-Executive Directors

- Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir (*Chairman*)
- Yeoh Chin Hoe (*Senior Independent Non-Executive Director*)
- Liew Jee Min @ Chong Jee Min (*Independent Non-Executive Director*)

##### Non-Independent Non-Executive Director

- Dato' Ong Soon Ho (*Vice Chairman*)

##### Executive Directors

- Lee Chooi Keng (*Group Managing Director*)
- Rayburn Azhar Bin Ali (*Executive Director*)

#### Tenure of Independent Directors

As at 31 December 2023, none of the Independent Directors have served on the Board for more than nine (9) consecutive years. The Company's Board Charter has indicated that Independent Director who has served the Board for more than nine (9) years may continue to serve on the Board as a Non-Independent Director subject to NRC's assessment and shareholders' approval through two-tier voting.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

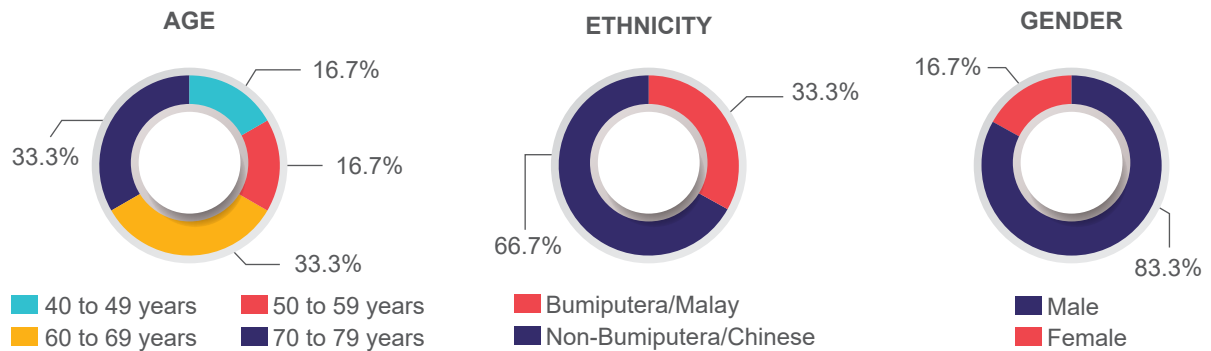
### PART I – BOARD RESPONSIBILITIES (CONT'D)

#### Diversity of the Board and Senior Management

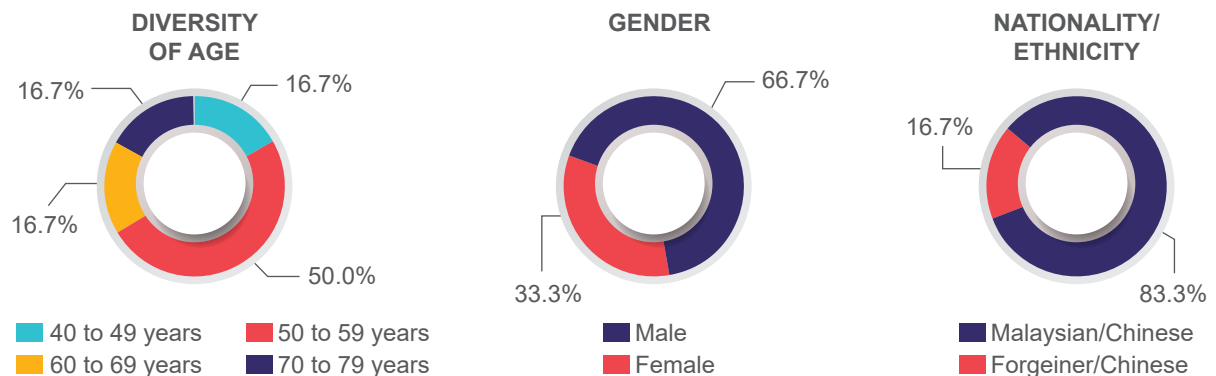
The Board recognises the significance of providing fair and equal opportunities and nurturing diversity within the Group. The Board is committed to ensuring diversity (including diversity in skills, experience, age, cultural background, and gender) in its composition and the Senior Management to ensure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

The Diversity of the Board and the Senior Management is as follows.

#### (i) Diversity of the Board



#### (ii) Diversity of the Senior Management



The Board is supportive of the recommendation in Practices 5.9 and 5.10 of the MCCG, of at least 30% women directors on the Board and encouraging women's participation in Senior Management to foster a healthy talent pipeline.

In FY2023, the Senior Management team comprised six (6) members, with two (2) women, representing 33.33% female representation. This achievement surpasses the Group's objective of attaining at least 20% representation of women in Senior Management roles, as set forth in the Company's Diversity Policy for the Board and Senior Management adopted on 21 February 2022.

Maintaining gender diversity within the Board composition remains a priority for the Company. Consequently, the Company is committed to taking necessary measures to adopt best practices recommended by the MCCG. This includes actively seeking suitable and potential female candidates for Board positions to enhance the overall skills matrix to comply with the Practice 5.9 of the MCCG.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

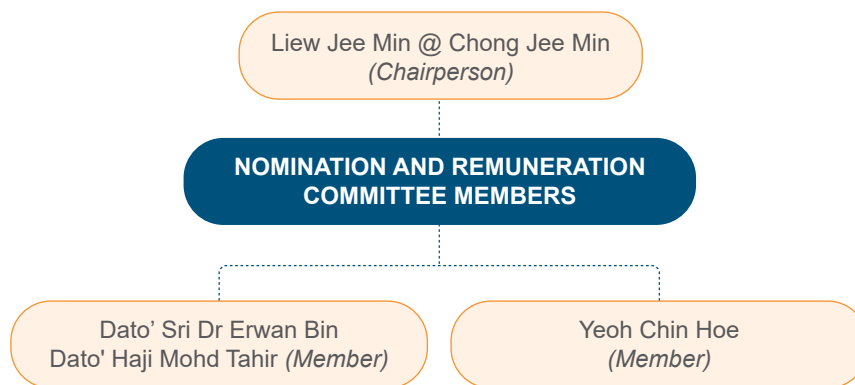
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## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

#### Nomination and Remuneration Committee

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



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

#### Nomination Functions

##### (i) Overall Effectiveness of the Board

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

In FY2023, the NRC, facilitated by the Company Secretary, conducted a comprehensive Board Effectiveness Assessment encompassing the Board as a whole, Board Committees, individual Directors, and confirmation of independence of all Independent Directors. The Questionnaires and evaluation forms were distributed to the Board and Board Committees for completion. Subsequently, a summary report and assessment results were presented during the NRC meeting for thorough evaluation and deliberation.

The Chairperson of the NRC subsequently presented the summarized results, along with recommendations and actionable insights, to the Board. These recommendations outlined specific actions to be taken by both Board members and Board Committees to enhance overall effectiveness and governance.

##### (ii) Experience and Skills of the Board

The Board Effectiveness Assessment ("BEA") was carried out to assess the overall Board Skills Matrix and the results were presented by the NRC Chairperson to the Board for notation. The NRC analysed the weakness in the current Board composition and made necessary recommendations to the Board for improvement to strengthen the efficiency and effectiveness of the overall Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

#### Nomination Functions (Cont'd)

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

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



##### (iii) Re-election of Directors in FY2023

The Company's Directors' Fit and Proper Policy adopted on 21 February 2022 complies with Paragraph 15.01A of the MMLR, facilitates the NRC and the Board to conduct a fit and proper assessment prior to the appointment of any candidate as a director or making recommendation for the re-election of an existing director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

#### Nomination Functions (Cont'd)

##### (iii) Re-election of Directors in FY2023 (Cont'd)

Upon the recommendation of NRC and taking into consideration the results of the Fit and Proper assessment and the BEA FY2022 in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors, the Board had recommended to the shareholders for approval of the re-election of Dato' Sri Dr Erwan bin Dato' Haji Mohd Tahir and Dato' Ong Soon Ho, who were due to retire at the 32<sup>nd</sup> AGM in accordance with Clause 127 of the Company's Constitution, on the following justifications:-

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

Based on the results of the Board Effectiveness Assessment for FY2023, the Board had approved the NRC's recommendation on the re-election of Madam Lee Chooi Keng and Liew Jee Min @ Chong Jee Min, who are due to retire at the 33<sup>rd</sup> AGM in accordance with Clause No. 127 of the Company's Constitution. The Board was satisfied with the performance and contributions of Madam Lee Chooi Keng and Liew Jee Min @ Chong Jee Min, acknowledging their relevant mix of experience, skills and expertise that are beneficial to the Company, and the justifications of their re-election were provided in the notice of AGM.

##### (iv) Redesignation of Madam Lee Chooi Keng as the Group Managing Director

In FY2023, Management had recommended the re-designation of Madam Lee Chooi Keng as the Group Managing Director of Hextar Group. NRC has assessed the profile of Madam Lee and deliberate in length on the re-designation of Madam Lee taking into consideration her extensive experience in managing Hextar Group as well as her outstanding performance and contribution to the growth of Hextar Group.

A thorough assessment had been conducted by the NRC for the re-designation of Madam Lee, by reviewing her CV, extensive experience, past performance, and fit and proper declaration which was tabled for review during meetings of the NRC and Board prior to the approval of her re-designation.

The Board, upon the recommendation of the NRC, approved the re-designation of Madam Lee as a Group Managing Director of the Company.

### PART II – REMUNERATION

#### Remuneration Functions

With the aim of attracting, retaining, and motivating Directors and Senior Management, the Board adopted a Remuneration Policy on 21 February 2022. This policy outlines the approach used to determine the remuneration package for Directors and Senior Management as recommended in Practice 7.1 of the MCCG. The Policy is accessible on the corporate website at <https://www.hextarglobal.com/ir.php>.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### PART II – REMUNERATION (CONT'D)

#### Remuneration Functions (Cont'd)

The details of the remuneration of individual Directors of the Company and the Group on a named basis for the FY2023 are tabulated as follows:

Name of Directors	Company		Group			
	Directors' Fee (RM'000)	Meeting Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits-in-Kind (RM'000)	Other Emoluments (RM'000)
Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	78	8	-	-	-	-
Dato' Ong Soon Ho	60	9	-	-	-	-
Lee Chooi Keng	-	-	660	245	-	37
Rayburn Azhar Bin Ali	-	-	600	-	115	1,038*
Yeoh Chin Hoe	66	9	-	-	-	-
Liew Jee Min @ Chong Jee Min	60	9	-	-	-	-
<b>Total</b>	<b>264</b>	<b>35</b>	<b>1,260</b>	<b>245</b>	<b>115</b>	<b>1,075</b>

\* Included Directors' Profit Sharing and Benefits

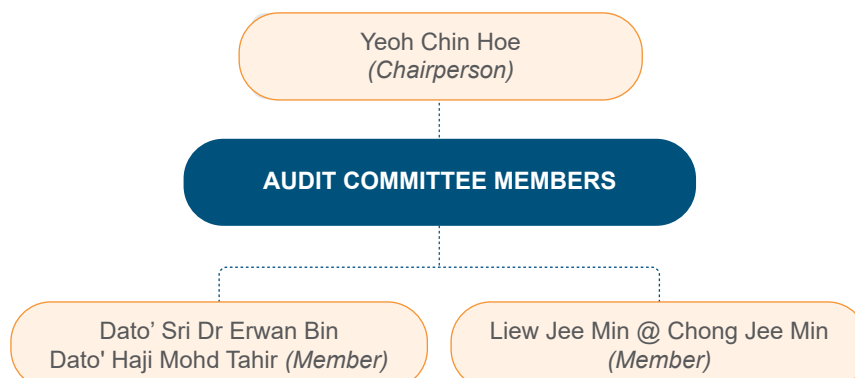
With regards to the disclosure of remuneration of the Group's top 5 Senior Management, the Company was of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market in the industries the Group operate, and the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

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### PART I – AUDIT COMMITTEE

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

As of 31 December 2023, none of the AC members was a former key audit partner of the Company. The criteria for a former key audit partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC was clearly stated in the TOR of the AC and the Company's External Auditors Policy, which is in line with Practice 9.2 of the MCCG.





# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### PART I – AUDIT COMMITTEE (CONT'D)

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

The AC members have a wide range of skills and knowledge from business administration, accounts, finance, law, and audit. All members of the AC are financially literate, competent and are able to understand matters tabled and deliberated in the meeting including the financial reporting process.

In order for the AC to discharge their responsibilities and duties effectively, the members participate in and attend relevant training or courses to keep themselves abreast of any amendments made in the accounting and auditing standards, practices of MCCG, Listing Requirements and other relevant rules and regulations.

#### External Auditors and Internal Auditors

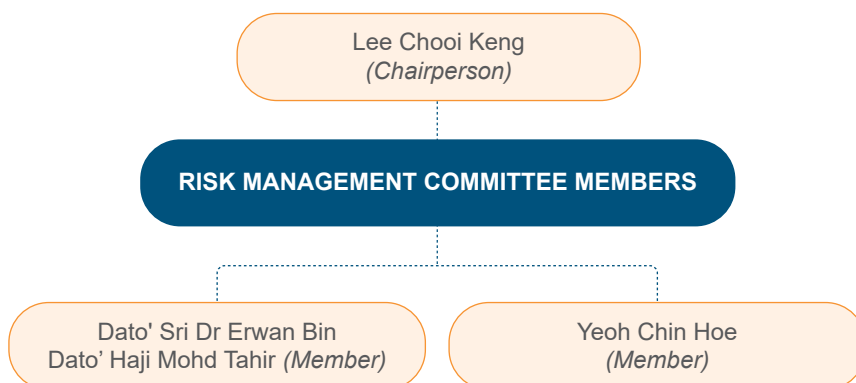
The AC assists the Board in overseeing the suitability, objectivity and independence of the Company's External Auditors and internal audit function by ensuring that proper internal controls are implemented to enhance the independence of these functions.

In FY2023, the AC had assessed and reviewed the performance and independence of the Company's External Auditors, Crowe Malaysia PLT, in accordance with the Company's External Auditors Policy. The AC had obtained a written assurance form the External Auditors that they have maintained independence and professionalism throughout the conduct of the audit process, and was satisfied that the audit services rendered had met the quality expected by the AC and Management.

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

### PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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

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

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

The risk management framework involves maintaining a Risk Register with risk profile and action plans for mitigating the identified risks. The RMC reviews the risk management framework, the key areas of the identified risks and the mitigation actions taken by Management in response to the areas of key risks identified. The AC also reviewed the Risk Register of the subsidiaries of the Company.

For FY2023, the Board received on 28 February 2023 and 21 August 2023, reports from the RMC on the adequacy of the risk management function, the business risks and actions taken to mitigate the risks.

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

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness can be found on page 121 to 124 of the Statement on Risk Management and Internal Control, which is included in this Annual Report.

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

### PART I – ENGAGEMENT WITH STAKEHOLDERS

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### PART I – ENGAGEMENT WITH STAKEHOLDERS (CONT'D)

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

#### Bursa Malaysia Securities Berhad

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

#### Corporate Website

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### PART II – CONDUCT OF GENERAL MEETINGS

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



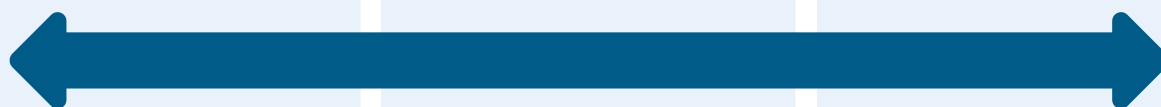
In adherence to the Guidelines and FAQs on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia, the 32<sup>nd</sup> AGM held on 12 June 2023 and EGM held on 26 October 2023 respectively (or collectively "General Meetings") of the Company were held on a fully virtual basis through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH"). By leveraging the technology provided by TIIH, shareholders were able to cast their votes in absentia and attend the meeting remotely in a secure online environment. On 31 March 2023, the Company held its EGM at the Company's Corporate Office to seek shareholders' approval on the proposed bonus issue of shares.



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



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



### STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE

This Statement is prepared in compliance with Paragraph 15.25 of the MMLR and it is advised to be read together with the Company's Corporate Governance Report 2023, which is available on the corporate website, <https://www.hextarglobal.com/ir.php>.

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

This Statement was tabled and approved at the Board of Directors' Meeting held on 2 April 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2023 (“FY2023”) within Hextar and its subsidiaries (“Hextar Group” or “the Group”), prepared in accordance with Practice 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and guided by the “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers”.

## BOARD RESPONSIBILITY

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

The Board assumes overall responsibility for identifying and managing material risks to ensure adequate internal controls are in place, with the ultimate goal of safeguarding shareholders’ investments, stakeholders’ interests and the Group’s assets. The Board’s responsibilities include:

- Determining the Group’s level of risk tolerance and identifying, assessing and monitoring key business risks within the Group;
- Reviewing the adequacy and effectiveness of the Group’s risk management and internal control system;
- Reviewing and deliberating quarterly financial results;
- Analysing the Group’s financial and operational performance against the Group’s business objectives; and
- Reviewing the annual budget of respective segments for approval;

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

## INTERNAL CONTROL SYSTEMS

In Hextar Group, the Board recognises the vital role of internal control systems in ensuring operational efficiencies and promoting sound corporate governance. We have implemented appropriate internal controls to identify operational weaknesses and manage risk exposures effectively. The Board has delegated the responsibilities of monitoring the Group’s internal control systems in daily operations to the AC, which reports its findings to the Board. Any significant internal control deficiencies that may impact the Group’s strategic objectives are promptly escalated to the Board’s attention during scheduled Board meetings.

## INTERNAL AUDIT FUNCTION

The Group has engaged an independent professional firm, Eco Asia Governance Advisory Sdn Bhd (“Internal Auditors”) on outsourced basis to conduct internal audit functions objectively and independently from the Group’s management. This arrangement assists the Group in achieving its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistle-blowing and governance processes. The Internal Auditors report directly to the AC, providing valuable insights and recommendations for both the AC and the Board regarding areas of weaknesses or deficiencies in internal processes. This facilitates the implementation of appropriate remedial measures by the Group.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## INTERNAL AUDIT FUNCTION (CONT'D)

During FY2023, the Internal Auditors conducted four (4) internal audit reviews, as shown below:-

Entity	Scope of Review	Quarter Period
Chempro Technology (M) Sdn Bhd	Credit Management	Quarter 1, FY2023
Halex (M) Sdn Bhd	Inventory Management	Quarter 2, FY2023
Hextar Kimia Sdn Bhd	Human Resources and Payroll Management	Quarter 3, FY2023
Nobel Synthetic Polymer Sdn Bhd	Inventory Management	Quarter 4, FY2023

Based on the internal audit review performed, the Internal Auditors have reported to the AC that they did not note any weakness resulting in major deficiencies in our systems that would require separate disclosure in this Annual Report. There is a reasonable assurance that the Group's internal control systems are adequate and satisfactory. Weaknesses identified are with minor impact, all of which have been, or are being, addressed and improved accordingly to enhance our operational efficiencies. The total professional fees payable to the Internal Auditors for FY2023 amounted to RM52,000.

On 20 November 2023, the AC conducted an annual assessment of the Internal Auditors' performance. The assessment covered several considerations, such as the adequacy and resources, quality control processes, professional staff assigned to the audit engagements, independence and objectivity of the Internal Auditors, discussion on audit scope, plan and fees as well as a private communication session with the Internal Auditors.

The AC is satisfied with the performance of the Internal Auditors and has recommended their re-engagement to the Board for the financial year ending 31 December 2024. The Board approved such recommendation at the Board meeting on 20 November 2023.

## RISK MANAGEMENT FUNCTION

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

- (i) Supports the Group's strategic objectives and business goals;
- (ii) Optimise business opportunities and the returns to the Group, while protecting the interest of stakeholders, including shareholders, customers and employees, within acceptable levels of risk;
- (iii) Fosters education and Risk Assurance Culture;
- (iv) Improves customer service and minimises risk exposure;
- (v) Safeguard the Group's assets and protects its reputation and brand values;
- (vi) Identifies and evaluates operational risks and other relevant business risks to improve the Group's operating performance without compromising the effectiveness of internal control procedures; and
- (vii) Ensures compliance with the Group's policies, regulations and statutory requirements, including timely reporting of performance.

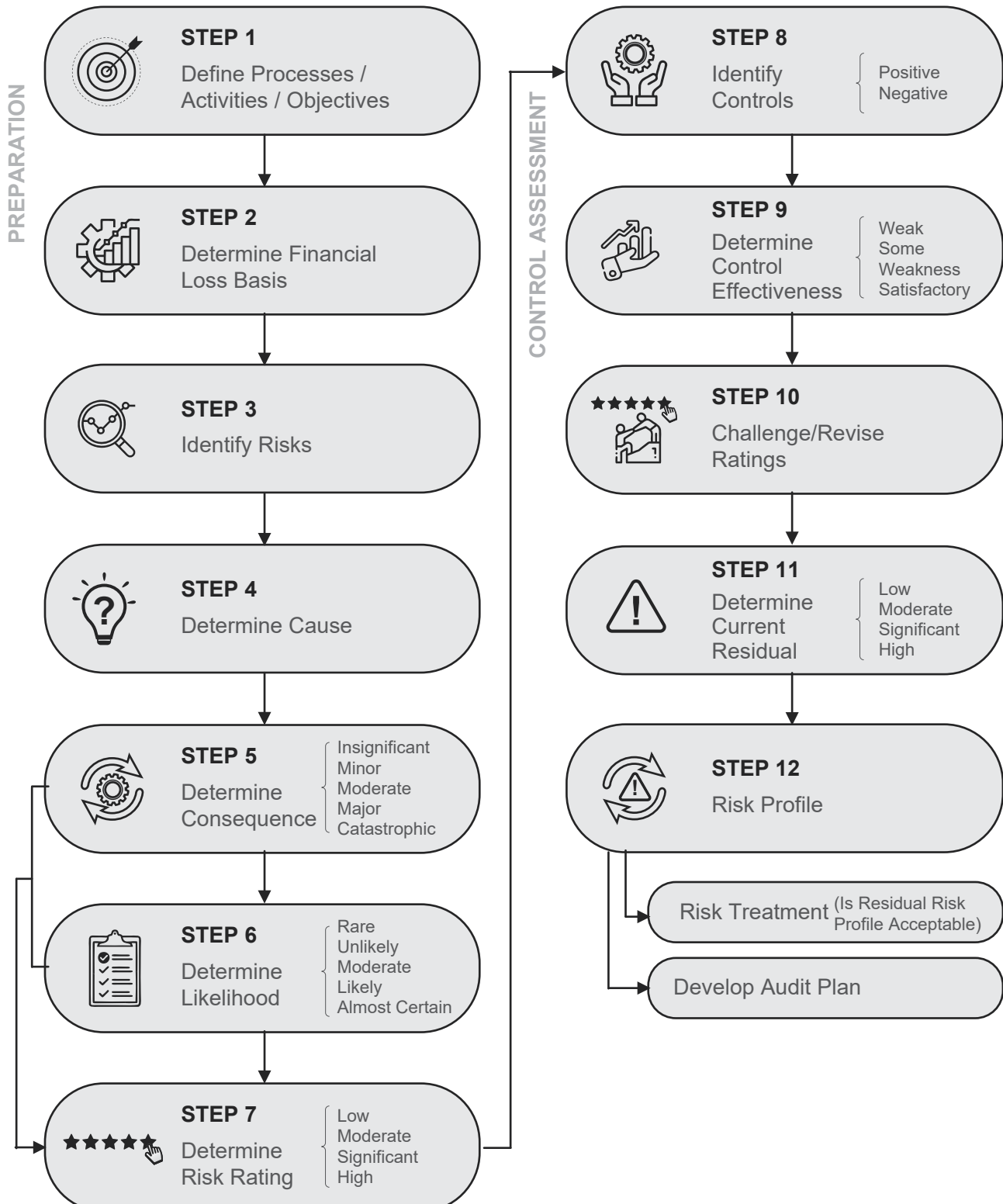
The Board has established and implemented a risk management framework across the Group's operations. The Board, supported by RMC, is responsible for reviewing and assessing the framework and risk management process to ensure their adequacy and effectiveness. The Board receives formal feedback on the adequacy of the risk management function on a half-yearly basis.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## RISK MANAGEMENT FUNCTION (CONT'D)

### Framework of Risk Management Assessment



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## RISK MANAGEMENT FUNCTION (CONT'D)

### Risk Identification and Evaluation Process

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

To ensure comprehensive analysis, both internal and external parameters are considered during the risk identification process. External parameters include political, economic, social technological, legal and environmental changes, while internal factors include changes in key personnel and the introduction or revision of policies and procedures within the Group.

### Risk Adopting and Monitoring Process

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

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

## ASSURANCE FROM MANAGEMENT

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

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

## CONCLUSION

For FY2023, the Board is of the opinion that the Group's risk management and internal control systems are sound and sufficient to safeguard shareholders' investments, stakeholders' interests as well as the Group's assets. There were no significant internal control deficiencies, material weaknesses or adverse compliance events resulting in any material loss to the Group. The Board is dedicated to continuing to strengthen the Group's risk management and internal control systems on an ongoing basis to meet the demand of this fast-moving and challenging business environment.

This Statement was approved by the Board of Directors on 2 April 2024.

# AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of Hextar Global Berhad (“Hextar” or “the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2023 (“FY2023”), providing insights on the effectiveness of how AC discharged its functions for Hextar and its subsidiaries (“the Group”).

The AC report was prepared in accordance with the Paragraph 15.15 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

## 1. COMPOSITION

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

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

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

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

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

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

The Board, assisted by the NRC, reviews the terms of office of the AC members and assesses the performance of the AC through Board Effectiveness Assessment of its Committee. The Board is satisfied the current composition of the AC is able to discharge its functions in accordance with the Terms of Reference (“TOR”) of the AC. The duties and responsibilities of the AC are set out in the TOR, which is available on the Company’s website at <https://ir2.chartnexus.com/hextar/corporate-governance.php>.

## 2. MEETINGS AND ATTENDANCE

The AC is scheduled to meet four (4) times annually to review financial reporting, with additional meetings convened when necessary. During FY2023, the AC conducted six (6) meetings, with full attendance from all Committee members. The AC extended invitations to the Chief Financial Officer (“CFO”) and key management personnel to facilitate and provide clarification on financial matters, audit issues, and any other relevant matters raised at the AC meetings.

The Internal Auditors (“IA”) were invited to attend four (4) quarterly AC meetings to present the Internal Audit Review Report and provide a follow up review of the last audit findings. The Internal Audit Review Report was prepared and presented by an independent outsourced internal audit firm. Management personnel responsible for IA issues were invited to brief the AC on specific matters arising from the audit report and respond to all enquiries raised by the AC.

# AUDIT COMMITTEE REPORT

cont'd

## 2. MEETINGS AND ATTENDANCE (CONT'D)

The External Auditors ("EA") attended three (3) of the AC meetings to present the audit plan for the financial year, key audit findings of the Group, and to address the AC's concerns regarding the statutory audit of the Group's financial statements. On 28 February 2023, the AC held a private session with the EA, without the presence of Executive Directors and Management of the Company, to discuss any audit concerns requiring the AC's attention and the level of cooperation obtained the Management.

After the AC meetings, the AC Chairperson reported to the Board on the significant matters discussed and deliberated in the AC meetings, along with the recommendations made by the AC. The Group's audited financial statements and its quarterly financial reports, were then recommended to the Board for approval upon the AC's review at its AC meetings. Thereafter, the AC Chairperson conveyed to the Board of any significant concerns raised by the EA or the IA at their respective AC meetings.

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

## 3. SUMMARY OF ACTIVITIES

The AC had carried out the following activities during FY2023 to discharge their duties and responsibilities:

### a. Financial Reporting

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

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

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

- MFRS 134 Interim Financial Reporting; and
- Paragraph 9.22, including Appendix 9B of Listing Requirements.

The AC reviewed the financial reports for the fourth quarter ended 31 December 2022 ("FY2022") during its meeting on 28 February 2023.

Financial reports for the first, second, and third quarters of the FY2023 were presented to the AC at meetings held on 19 May 2023, 21 August 2023, and 20 November 2023, respectively.

On 19 February 2024 and 2 April 2024, the AC reviewed the fourth quarter financial report and audited financial statements for FY2023, respectively.

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

### b. External Audit

On 28 February 2023, the AC received a presentation from the EA on its Audit Review Memorandum for FY2022 and key audit matters for implementation in accordance with the audit timeline. A private session was conducted between the AC and the EA, without the presence of the Executive Directors and Management, to discuss the issues encountered and suggestions provided by the EA. Subsequently, the AC Chairperson, highlighted areas for improvement and made suggestions to the CFO on the same.



# AUDIT COMMITTEE REPORT

cont'd

## 3. SUMMARY OF ACTIVITIES (CONT'D)

### b. External Audit (Cont'd)

The AC received the findings of the audit review memorandum presented by the EA and reviewed audited financial statements for the FY2022 with the EA, CFO, and the key management personnel during its meeting held on 31 March 2023.

At the 32<sup>nd</sup> Annual General Meeting ("AGM") held on 12 June 2023, shareholders approved the re-appointment of Crowe Malaysia PLT ("Crowe") as the EA of the Company.

On 20 November 2023, the AC reviewed and approved the EA's proposed audit scope and audit plan for FY2023, which outlined its audit approach, areas of audit emphasis, reporting and deliverables, engagement team, and proposed fees for the statutory audit and review of the Statement on Risk Management and Internal Control.

The AC also obtained assurance from the EA during the AC meeting in respect of their independence throughout the audit engagement, in accordance with the terms of all relevant professional and regulatory requirements, as well as the ethical requirements.

On 20 November 2023, with the assistance of the Management, the AC assessed the suitability, independence, and objectivity of the EA's statutory audit engagement during the financial year under review, guided by the Company's EA Policy. The adopted EA Policy safeguards the quality and reliability of audited financial statements under Practice 9.3 of the MCCG. The AC was satisfied with the EA's performance for FY2023 and recommended to the Board for the re-appointment of Crowe as the EA of the Company for their further recommendation to the shareholders for approval at the 33<sup>rd</sup> AGM.

The EA presented the findings of the audit review memorandum for FY2023 during the AC meeting held on 19 February 2024. The AC and Management also confirmed with the EA that they had no knowledge of any serious offence involving fraud or dishonesty, significant unusual transactions, non-compliance with laws and regulations or major litigations affecting the Group.

### c. Internal Audit

The outsourced independent Internal Auditor ("IA"), Eco Asia Governance Advisory Sdn Bhd ("Eco Asia"), presented the internal audit reports during the AC's quarterly meetings in accordance with the IA's plan for the FY2023 approved by the AC. The AC reviewed the findings and recommendations by the IA to ensure that appropriate actions were taken to improve the Group's internal control system on quarterly basis.

The AC monitored and ensured that the Management resolved the audit issues highlighted by the IA within the agreed timeline. The AC received quarterly updates from the IA regarding the follow-up on the last IA's report, including issues has been resolved or are still in progress. In addition, the AC sought clarification from the Management on outstanding audit issues that were yet to be resolved or had exceed the agreed timeline. Actions were also recommended by the AC to the Management to address these outstanding issues.

On 20 November 2023, with the assistance of the Management, the AC assessed the competency, suitability, independence, experience, and adequacy of resources for Eco Asia to effectively perform its audit engagement in FY2023 including the audit scope and quality of audit services of Eco Asia.

The AC was satisfied with the performance of the IA, and has presented the results along with it's recommendation for re-appointment of Eco Asia as the Company's Internal Auditor for the financial year ending 31 December 2024 ("FY 2024"), to the Board for approval on 20 November 2023.

On 20 November 2023, the AC reviewed the Internal Audit Plan for the FY2024 presented by the IA. Considering the extension of the Group's business operations, both the IA and Management agreed with the AC's concerns and recommendations to revise the proposed internal audit scope. The AC approved the IA scope and the proposed internal audit fee on the even date.

# AUDIT COMMITTEE REPORT

cont'd

## 3. SUMMARY OF ACTIVITIES (CONT'D)

### d. Internal Control

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

### e. Related Party Transactions

The AC, guided by the Company's Related Party Transaction Policy and Procedures, reviewed and monitored all related party transactions ("RPTs"), recurrent related party or conflict of interest transactions occurring within the Group to ensure that the procedures were in compliance with Listing Requirements so as to uphold the highest standards of ethical and business conducts.

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

During FY2023, the following RPTs entered by the Company had been reviewed by the AC and recommended to the Board for approval:

- Hextar entered into a Share Sale Agreement ("SSA") with Hextar Holdings Sdn Bhd for the acquisition of 5,000,000 ordinary shares, representing 100% equity interest in Hextar Industrial Chemicals Sdn Bhd for a total purchase consideration of RM10,000,000 to be satisfied wholly in cash.
- Hextar entered into a SSA with Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) for the acquisition of 60,000 shares ordinary shares, representing 60% equity interest in Hextar Oiltech Sdn Bhd (formerly known as Opcom Lube & Solutions Sdn Bhd) for a total purchase consideration of RM48,000 to be satisfied wholly in cash.
- Hextar Fruits Sdn Bhd, a 51% owned subsidiary of Hextar, entered into a SSA for the acquisition of 100% equity interest in PHG.Ever Fresh Food (M) Sdn Bhd ("PEFFM"), PHG.Ever Fresh Food (TK) Sdn Bhd ("PEFFTK") and PHG Wholesale & Retail Sdn Bhd ("PW&R"), and 55% equity interest in PHG Ever Fresh Plantation Sdn Bhd ("PEFP"), from PHG Ever Fresh Group Sdn Bhd ("PEFG") for a total cash consideration of RM84,000,000.

The AC also reviewed the Recurrent RPTs that were given mandate on the 32<sup>nd</sup> AGM held on 12 June 2023 to ensure that the aggregate value of the transactions was within the mandate which had been approved by the shareholders.

### f. Other Matters

During FY2023, the AC had also discussed and reviewed the following matters:

- Corporate Governance ("CG") Report, CG Overview Statement, AC Report, Sustainability Statement, Management Discussion and Analysis, and the Statement on Risk Management and Internal Control and recommended the same to the Board for its approval for inclusion in the Annual Report for the FY2022;
- Circular to Shareholders in relation to Proposed New and Renewal of Shareholders' Mandate for Recurrent RPTs of a Revenue or Trading Nature and Proposed Renewal of Authority for Share Buy Back;
- Proposed disposal of consumer products segment comprising Halex Woolton (M) Sdn Bhd and Halex Marketing Sdn Bhd; and
- Declaration of the second interim dividend of RM0.020 per share for the FY2022.

# AUDIT COMMITTEE REPORT

cont'd

## 4. INTERNAL AUDIT FUNCTION AND COMPLIANCE

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

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

The IA adopted a risk-based approach in the planning and conduct of audit engagements which is in line with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. The IA engagements were carried out based on the annual audit plan approved by the AC and reported during the FY2023 are listed as below:

Quarter	Function / Entities
Q1/2023	Credit Management Review – Chempro Technology (M) Sdn Bhd
Q2/2023	Inventory Management Review – Halex (M) Sdn Bhd
Q3/2023	Human Resources & Payroll Management Review – Hextar Kimia Sdn Bhd
Q4/2023	Inventory Management Review – Nobel Synthetic Polymer Sdn Bhd

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

The professional fee incurred on the Group's internal audit function for FY2023 amounted to RM52,000.

This report was reviewed by the AC and approved by the Board on 2 April 2024.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are required to issue a statement on its responsibility in preparing the annual audited financial statements.

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

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

During the preparation of the financial statements, the Directors ensured 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 that are reasonable and prudent; and
- (iii) used going concern approach while preparing the financial statements.

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

The Directors have collective responsibility to ensure that the Group and the Company maintain the accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, which enable them to make sure that the financial statements adhere to the Act.

The Directors are also responsible for taking such steps, as are reasonably available to them, to safeguard the Group and the Company's assets, as well as to prevent and detect fraud and other irregularities.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised from corporate proposal during the financial year ended 31 December 2023.

### 2. OPTIONS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible exercised during the financial year ended 31 December 2023.

### 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the external auditors by the Company and the Group for the financial year ended 31 December 2023 are as follows:

	The Company (RM)	The Group (RM)
Audit Fees	51,600	600,135
Non-audit Fees	16,000	16,000
<b>Total</b>	<b>67,600</b>	<b>616,135</b>

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

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or the Group involving the interests of Directors and its major Shareholder, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year:

- On 15 May 2023, Hextar entered into a Share Sale Agreement ("SSA") with Hextar Holdings Sdn Bhd ("HHSB") for the acquisition of 5,000,000 ordinary shares, representing 100% equity interest in Hextar Industrial Chemicals Sdn Bhd ("HICSB") for a total consideration of RM10,000,000 satisfied fully in cash.

As of 15 May 2023, Dato' Ong Soon Ho was a common director of Hextar and HHSB. Dato' Ong Soon Ho and Dato' Ong Choo Meng were also the major shareholders of Hextar and HHSB. Dato' Ong Soon Ho was deemed as Related Party by virtue of his shareholdings in Hextar and HHSB. As such, he had declared his interest to the Board of Hextar and abstained from all deliberations and voting pertaining to the acquisition of HICSB.

The acquisition of HICSB was completed on 22 June 2023 upon the fulfilment of all obligations pursuant to SSA with HHSB.



## ADDITIONAL COMPLIANCE INFORMATION

cont'd

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

➤ Hextar Fruits Sdn Bhd ("**HFSB**"), a 51% owned subsidiary of Hextar, had on 3 July 2023, entered into a SSA with PHG Ever Fresh Group Sdn Bhd ("**PEFG**") for the acquisition of:-

- (i) 2,500,000 ordinary shares in PHG.Ever Fresh Food (M) Sdn Bhd ("**PEFFM**"), representing 100% equity interest in PEFFM;
- (ii) 1,000,000 ordinary shares in PHG.Ever Fresh Food (TK) Sdn Bhd ("**PEFFTK**"), representing 100% equity interest in PEFFTK ;
- (iii) 2,000,000 ordinary shares in PHG Wholesale & Retail Sdn Bhd ("**PW&R**"), representing 100% equity interest in PW&R; and
- (iv) 1,320,000 ordinary shares in PHG Ever Fresh Plantation Sdn Bhd ("**PEFP**"), representing 55% equity interest in PEFP;

(collectively referred to as "**Proposed Acquisitions**"), for a total purchase consideration of RM84,000,000 satisfied wholly in cash.

As of 3 July 2023, Lye Foong Ming, a Director and shareholder of PHG Sun Hill Sdn Bhd ("**PHG Sun Hill**"), holds 49% indirect interest in HFSB by virtue of her shareholdings in PHG Sun Hill. She is a shareholder of PEFG with direct interest of 3% in PEFG and serves as a director of PEFP, has indirect interest in PEFP by virtue of her interest in PEFG.

Lye Foong Ming was deemed as Related Party by virtue of her shareholdings in PHG Sun Hill and PEFG. As such, she declared her interest and abstained from all deliberations and voting pertaining to the Proposed Acquisitions.

For clarity, Lye Foong Ming does not hold any Hextar's shares, she is not a Board member of Hextar, and has no relationship with the directors and substantial shareholders of Hextar.

The Proposed Acquisitions was completed on 26 October 2023 upon the fulfilment of all obligations pursuant to the SSA with PEFG.

### 5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 32<sup>nd</sup> AGM of the Company held on 12 June 2023, the Shareholders' Mandate for the Company and the Group to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature was obtained. Details of the RRPTs pursuant to Shareholders' mandate entered into by the Company and the Group with its related parties from the 32<sup>nd</sup> AGM to the 33<sup>rd</sup> AGM, are as follows:

- Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Sales of formulated chemicals for the purpose of glove manufacturing process, work in progress and finished goods such as fertilisers, packaging material and other related products;
- Purchase of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Receipt of facility assets and management services including business consultation and support & cash management system;
- Receipt of service for supply and installation of civil foundation, piping system and tanks installation;
- Provision of specialist service for product testing, research development and product formulation registration; and
- Provision of specialist services such as oilfield chemicals, corrosion preservation products and associated consultation services, and supply of specialty chemicals and other related products.

Adequate procedures and processes are in place to monitor and identify the RRPTs in a timely basis and orderly basis. The RRPTs are conducted at arm's length and on normal commercial terms which are not to the detriment of the minority shareholders. The said Mandate is subject to renewal at the forthcoming 33<sup>rd</sup> AGM. Details of the Shareholders' Mandate to be sought will be furnished in the Circular to Shareholders dated 18 April 2024.



# Financial **REPORT**

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## 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 2023.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of consumer products segment as disclosed in Note 34 to the financial statements.

### RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	65,647,533	20,667,742
Attributable to:-		
Owners of the Company	52,694,821	20,667,742
Non-controlling interests	12,952,712	-
	65,647,533	20,667,742

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2022 are as follows:-

	RM
<b>Ordinary Share</b>	
<u>In respect of the financial year 31 December 2023</u>	
A first interim dividend of 1.0 sen per ordinary share, payable on 5 April 2024	38,760,666
<u>In respect of the financial year 31 December 2022</u>	
A first interim dividend of 1.0 sen per ordinary share, paid on 27 September 2022	12,857,526
A second interim dividend of 2.0 sen per ordinary share, paid on 3 April 2023	25,715,052
	38,572,578

### 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.

# DIRECTORS' REPORT

cont'd

## ISSUES 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.

## TREASURY SHARES

During the financial year, the Company disposed 6,269,600 of its treasury shares to the open market at an average price of RM2.07 per share. The total consideration received for the disposal was RM13,008,442. The sales proceeds will be deduct against treasury share cost and the gain on the disposal will be credited to retained profits.

As at 31 December 2023, the Company held 21,065,100 treasury shares at a carrying amount of RM30,769,865. The details of the treasury shares are disclosed in Note 23 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 they might be expected so to realise.

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

# DIRECTORS' REPORT

cont'd

## CONTINGENT AND OTHER LIABILITIES

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of new subsidiaries and discontinuance of the consumer products segment as disclosed in Note 6 and 34 to the financial statements.

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

## DIRECTORS

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

Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir  
 Dato' Ong Soon Ho  
 Lee Chooi Keng  
 Liew Jee Min @ Chong Jee Min  
 Rayburn Azhar Bin Ali  
 Yeoh Chin Hoe



# DIRECTORS' REPORT

cont'd

## DIRECTORS (Cont'd)

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 the directors mentioned above, are as follows:-

Ardian Gunawan  
 Azzrizal Bin Zolhaili (Resigned on 09.11.2023)  
 Chen Sen Loon  
 Chin Joek Poen (Appointed on 17.11.2023)  
 Cheok Viping  
 Chong Hon Loon  
 Clement Ang Woon Teng (Appointed on 12.12.2023)  
 Dato' Ong Choo Meng  
 Dato' Mazlin Bin Md Junid  
 Dato' Wee Yaw Hin @ Ong Yaw Hin  
 Elain Binti Lockman (Resigned on 09.11.2023)  
 Hajah Sabariah Binti Haji Mudin (Resigned on 31.08.2023)  
 Haniza Binti Mohamad Nasir  
 Hoi Yew Wai (Appointed on 06.12.2023)  
 Lee Leng Choy  
 Lee Sze Yeen (Resigned on 09.11.2023)  
 Leong Jin Yuan  
 Leong Kam Yau (Resigned on 01.12.2023)  
 Leong Si Kin (Resigned on 01.12.2023)  
 Leong Yet Wan  
 Lian Dazhi  
 Lim Eng Bee  
 Lim Jun Yeong  
 Lin Swee Sang  
 Lo Ngen Loi  
 Loo Hoong Fatt (Resigned on 01.12.2023)  
 Lye Foong Ming (Appointed on 17.11.2023)  
 Lye Man Seng (Appointed on 01.12.2023)  
 Lye Wee Ken (Resigned on 06.12.2023)  
 Lye Wee Tin (Resigned on 01.12.2023)  
 Mohd Hanafi Bin Idris  
 Nurul Maslina Binti Haji Abdul Halim @ Norah Anak Unya (Appointed on 31.08.2023)  
 Ong Soon Hooi (Resigned on 22.09.2023)  
 Ong Soon Lim (Resigned on 23.10.2023)  
 Pg Hj Md Sofrey Bin Pg Hj Jadid  
 Pg Mohd Idris Bin Pg PCLDSN Pg Hj Damit (Deceased on 22.07.2023)  
 Rohiza Binti Husain (Resigned on 23.10.2023)  
 Tan Seio Beng  
 Tay Jee (Resigned on 06.12.2023)  
 Teh Li King  
 Yap Wan Hin (Resigned on 06.12.2023)  
 Yam Jia Fuh  
 Yau Shee Min (Resigned on 06.12.2023)

# DIRECTORS' REPORT

cont'd

## DIRECTORS' INTERESTS

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

		Number of Ordinary Shares		
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>The Company</b>				
<i>Direct interest:</i>				
Lee Chooi Keng	1,396,640	2,913,280	-	4,309,920
<i>Indirect interest:</i>				
Dato' Ong Soon Ho*	864,572,922	1,909,389,444	(282,359,863)	2,491,602,503

\* Deemed interested by virtue of his direct shareholdings in Hextar Holdings Sdn. Bhd. and indirect interest by virtue of the interest held through his child, Dato' Ong Choo Meng.

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

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 39(c) 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 Group and of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fee	264,000	264,000
Salaries, bonuses and other benefits	2,488,835	35,000
Defined contribution benefits	126,200	-
	2,879,035	299,000

The estimated monetary value of benefits-in-kind provided by the Group and the Company to a director of the Company were RM114,873 and RM Nil respectively.

# DIRECTORS' REPORT

cont'd

## INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM10,000,000 and RM16,960 respectively.

## SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 6 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

## SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 44 to the financial statements.

## HOLDING COMPANY

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

## AUDITORS

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

The auditors' remuneration of the Group and of the Company for the financial year were RM616,135 and RM67,600 respectively.

Signed In Accordance With A Resolution Of The Directors Dated 16 April 2024

**Rayburn Azhar Bin Ali**

**Lee Chooi Keng**

## STATEMENT BY DIRECTORS

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

We, Rayburn Azhar Bin Ali 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 147 to 265 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 2023 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 16 April 2024

**Rayburn Azhar Bin Ali**

**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 147 to 265 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovementioned Phan Nee Chin, at Klang  
in the State of Selangor Darul Ehsan  
on this 16 April 2024

**Phan Nee Chin**

Before me

# 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 2023 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 material accounting policy information, as set out on pages 147 to 265.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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



# INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad  
cont'd

## Key Audit Matters (Cont'd)

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

Recoverability of trade receivables Refer to Notes 12 and 42.1(b)(iii) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2023, trade receivables that were past due and not impaired amounted to RM61,061,400. The details of trade receivables and their credit risks are disclosed in Note 42.1(b)(iii) to the financial statements.</p> <p>Significant management judgment is required to assess the recoverability of trade receivables. Management conducted a detailed analysis, considering the customer's aging profile, credit history, historical payment patterns, and forward-looking information for estimating expected credit losses ("ECLs") on its trade receivables.</p> <p>The impairment assessment involved significant judgments, and there is inherent uncertainty in the assumptions applied by management to evaluate the adequacy of the allowance for impairment losses and estimate future cash collection.</p> <p>We identified this as a key audit matter due to the inherent subjectivity involved in making judgments regarding 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>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> <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 assessment on the ECLs of trade receivables with reference to historical payment records, public available information and credit history of the Group's customer.</li> </ul>
Obsolete and slow moving inventories Refer to Note 14 to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The carrying amount of inventories held by the Group as at the reporting date amounted to RM187,842,277. This represents 35% and 21% of the total current assets and total assets of the Group, respectively.</p> <p>We focused on this area because the determination of obsolete and slow-moving inventories involves management's judgment and the material amounts involved.</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>

# INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad  
cont'd

## Key Audit Matters (Cont'd)

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

<b>Impairment of goodwill</b> Refer to Note 11 to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The net carrying amount of goodwill for the Group as of the end of the reporting date amounted to RM158,619,375. Regardless of whether there is any indication of impairment, goodwill is tested for impairment annually.</p> <p>We identified this as a key audit matter because the impairment test involves significant judgments and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, and the discount rate applied.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Evaluated method used by the Group in measuring the recoverable amount is appropriate in the circumstances;</li> <li>• Made enquiries and challenging management on the key assumptions and inputs used in the measurement method;</li> <li>• Evaluated the key assumptions and inputs used are reasonable and consistent with consideration from 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>
<b>Purchase Price Allocation (“PPA”)</b> Refer to in Note 6 to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The Group acquired several subsidiaries during the current financial year, consisting of the following companies:</p> <ul style="list-style-type: none"> <li>i) PHG.Ever Fresh Food (M) Sdn. Bhd.;</li> <li>ii) PHG Wholesale &amp; Retail Sdn. Bhd.;</li> <li>iii) PHG.Ever Fresh Food (TK) Sdn. Bhd.;</li> <li>iv) PHG Ever Fresh Plantation Sdn. Bhd.; and</li> <li>v) Hextar Secadyme Sdn. Bhd. (formerly known as Propel Chemicals Sdn. Bhd.)</li> </ul> <p>The Group has yet to finalise the Purchase Price Allocation (“PPA”) exercises in respect of its acquisition of equity in the newly acquired subsidiaries, which are expected to be completed during the financial year ending 31 December 2024. Refer to Note 6 for the fair values of identifiable assets and liabilities relating to the newly acquired subsidiaries.</p> <p>The fair values of the identifiable assets and liabilities are based on judgmental assumptions. Accordingly, we considered this to be a key audit matter.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the methodology adopted by the management in estimating the fair values of the identifiable assets and liabilities, assessed whether such methodologies are consistent with those used in the industry; and</li> <li>• Reviewed the provisional amounts derived by the management and evaluated the assumptions adopted in arriving at such provisional amounts.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad  
cont'd

## Key Audit Matters (Cont'd)

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

Assessment of variable deferred consideration Refer to the disclosure of acquisition of subsidiary companies in Note 6(f) to the financial statements.	
Key audit matter	How our audit addressed the key audit matter
<p>The Group acquired several subsidiaries during the financial year ended 31 December 2021 with variable deferred considerations between management and the previous owners. These subsidiaries include companies that have on-going variable deferred consideration:-</p> <p>i) Chempro Technology (M) Sdn. Bhd. and its subsidiary as well as Alpha Aim (M) Sdn. Bhd.;</p> <p>ii) Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.; and</p> <p>iii) Tufbond Technologies Sdn. Bhd.</p> <p>We identified this as a key audit matter because the assessment of the variable deferred considerations is based on actual audited results and a combination of profit forecast for the respective profit guarantee periods ("PGP") of each acquisition. This assessment involves significant judgments and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, and the discount rate applied.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>Reviewed the share sales agreement for the understanding of the terms and conditions of the variable deferred consideration; and</li> <li>Reviewed the forecasts assumptions and estimates made by management by comparing them against market comparables, historical data and available industry information and benchmarking the certain valuation data.</li> </ul>

## 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

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

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

# INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad  
cont'd

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad  
cont'd

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

## OTHER MATTERS

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

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

Shah Alam

16 April 2024

**Ong Beng Chooi**  
03155/05/2025 J  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
(Restated)					
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	899,634,323	910,758,665
Investment properties	7	820,000	3,504,000	-	-
Investments in joint ventures	8	2,719,040	1,783,372	-	-
Investment in club membership, at cost		45,700	46,263	-	-
Property, plant and equipment	9	113,215,493	67,675,382	-	-
Right-of-use assets	10	58,954,374	59,972,803	-	-
Intangible assets	11	161,973,942	137,092,400	-	-
Trade receivables	12	2,263,150	1,292,871	-	-
Prepayment	13	2,402,688	2,383,771	-	-
Deferred tax assets	26	777,234	243,408	-	-
		343,171,621	273,994,270	899,634,323	910,758,665
CURRENT ASSETS					
Inventories	14	187,842,277	139,505,271	-	-
Biological assets		36,179	-	-	-
Contract assets	15	1,468,917	-	-	-
Trade receivables	12	157,450,410	130,314,597	-	-
Other receivables, deposits and prepayments	13	65,294,433	14,732,656	15,295,833	203,386
Amount owing by subsidiaries	16	-	-	106,259,021	28,385,481
Amount owing by related companies	17	2,141,553	384,401	-	-
Dividend receivable		-	-	1,565,550	28,000,000
Current tax asset		11,785,458	2,837,463	14,795	1,050
Short-term investments	18	7,019,325	-	-	-
Deposits with licensed banks	19	24,328,491	6,064,225	-	-
Cash and bank balances		76,558,069	50,091,872	712,500	131,057
		533,925,112	343,930,485	123,847,699	56,720,974
Assets classified as held for sale	20	1,556,000	4,393,084	-	-
TOTAL ASSETS		878,652,733	622,317,839	1,023,482,022	967,479,639

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023  
cont'd

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
(Restated)					
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	633,878,029	633,878,029	633,878,029	633,878,029
Revaluation reserve	22	14,626,419	14,619,963	-	-
Exchange reserve	22	549,120	(1,375,390)	-	-
Treasury shares	23	(30,769,865)	(39,927,891)	(30,769,865)	(39,927,891)
Merger deficit reserve	22	(500,422,471)	(495,422,471)	-	-
Retained profits		138,262,343	105,049,912	137,802,090	138,998,984
Equity attributable to owners of the Company		256,123,575	216,822,152	740,910,254	732,949,122
Non-controlling interests		3,110,465	16,058,846	-	-
TOTAL EQUITY		259,234,040	232,880,998	740,910,254	732,949,122
NON-CURRENT LIABILITIES					
Lease liabilities	24	28,996,746	34,771,109	-	-
Borrowings	25	129,722,266	123,405,008	106,695,000	108,615,000
Deferred tax liabilities	26	12,105,775	6,381,235	-	-
Other payables	27	3,208,400	-	-	-
Variable deferred consideration	6(f)	-	25,148,140	-	25,148,140
		174,033,187	189,705,492	106,695,000	133,763,140
CURRENT LIABILITIES					
Trade payables	28	49,200,735	29,958,035	-	-
Contract liabilities	15	4,945,988	2,201,390	-	-
Other payables, deposits received and accruals	27	83,156,247	18,943,735	306,870	273,419
Amount owing to subsidiaries	16	-	-	59,488,681	61,068,939
Amount owing to a joint venture	29	783,250	728,685	-	-
Amount owing to related companies	17	579,070	283,718	-	-
Lease liabilities	24	6,283,856	6,063,297	-	-
Borrowings	25	254,846,292	111,114,549	88,520,000	14,860,000
Current tax liabilities		18,024,501	5,631,014	66,000	882
Derivative liabilities	30	70,350	242,789	-	-
Variable deferred consideration	6(f)	27,495,217	24,564,137	27,495,217	24,564,137
		445,385,506	199,731,349	175,876,768	100,767,377
TOTAL LIABILITIES		619,418,693	389,436,841	282,571,768	234,530,517
TOTAL EQUITY AND LIABILITIES		878,652,733	622,317,839	1,023,482,022	967,479,639

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CONTINUING OPERATIONS					
REVENUE	31	669,038,664	594,908,907	54,829,585	86,535,000
COST OF SALES		(465,412,926)	(423,601,676)	-	-
GROSS PROFIT		203,625,738	171,307,231	54,829,585	86,535,000
OTHER INCOME		4,751,702	4,263,845	655,361	3,710
SELLING AND MARKETING EXPENSES		(21,076,318)	(19,108,926)	-	-
ADMINISTRATIVE EXPENSES		(63,190,771)	(52,574,177)	(19,699,946)	(1,951,210)
OTHER OPERATING EXPENSES		(10,185,733)	(12,289,152)	-	-
FINANCE COSTS		(21,116,959)	(11,276,897)	(13,014,598)	(5,957,349)
NET IMPAIRMENT ON FINANCIAL ASSETS	32	(1,812,685)	(1,679,175)	(2,036,657)	-
SHARE OF PROFIT OF JOINT VENTURES, NET OF TAX	8	283,013	302,976	-	-
PROFIT BEFORE TAXATION	32	91,277,987	78,945,725	20,733,745	78,630,151
INCOME TAX EXPENSE	33	(23,614,029)	(19,990,466)	(66,003)	(872)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		67,663,958	58,955,259	20,667,742	78,629,279
DISCONTINUED OPERATIONS					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	34	(2,016,425)	(3,915,910)	-	-
PROFIT AFTER TAXATION		65,647,533	55,039,349	20,667,742	78,629,279

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023  
cont'd

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
OTHER COMPREHENSIVE INCOME/ (EXPENSES):	35				
<u>Item that will not be reclassified subsequently to profit or loss:</u>					
- revaluation of properties		3,383,258	1,373,432	-	-
<u>Item that may be reclassified subsequently to profit or loss:</u>					
- foreign currency translation differences		1,924,476	(1,470,494)	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSES)		5,307,734	(97,062)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		70,955,267	54,942,287	20,667,742	78,629,279
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company:					
- Continuing operations		54,711,246	53,458,234	20,667,742	78,629,279
- Discontinued operations		(2,016,425)	(3,915,910)	-	-
		52,694,821	49,542,324	20,667,742	78,629,279
Non-controlling interests		12,952,712	5,497,025	-	-
		65,647,533	55,039,349	20,667,742	78,629,279
TOTAL COMPREHENSIVE INCOME/ (EXPENSES)					
ATTRIBUTABLE TO:-					
Owners of the Company:					
- Continuing operations		58,359,747	53,254,507	20,667,742	78,629,279
- Discontinued operations		(2,016,425)	(3,915,910)	-	-
		56,343,322	49,338,597	20,667,742	78,629,279
Non-controlling interests		14,611,945	5,603,690	-	-
		70,955,267	54,942,287	20,667,742	78,629,279
EARNINGS PER SHARE (SEN)	36				
Basic		1.36	1.28		
Diluted		1.36	1.28		

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

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

	The Group	Note	Non-Distributable				Distributable				Attributable to Owners of the Company			Non-controlling interests		Total Equity
			Share Capital	Treasury Shares	Merger Deficit Reserve	Exchange Reserve	Revaluation Reserve	Retained Profits	Company	RM	RM	RM	RM	RM	RM	RM
Balance at 1.1.2023			633,878,029	(39,927,891)	(495,422,471)	(1,375,390)	14,619,963	105,049,912	216,822,152	16,058,846	232,880,998					
Profit after taxation for the financial year			-	-	-	-	-	52,694,821	52,694,821	12,952,712	65,647,533					
Other comprehensive income/ (expense) for the financial year			-	-	-	1,924,510	-	-	1,924,510	(34)	1,924,476					
- foreign currency translation differences			-	-	-	-	-	-	-	-	-					
- revaluation of properties			-	-	-	-	1,723,991	-	1,723,991	1,659,267	3,383,258					
Total comprehensive income for the financial year			-	-	-	1,924,510	1,723,991	52,694,821	56,343,322	14,611,945	70,955,267					
Contributions by and distributions to owners of the Company:																
- dilution of interests in a subsidiary			-	-	-	-	-	72,890	72,890	(72,890)	-					
- merger and acquisition			-	-	(5,000,000)	-	-	559,605	(4,440,395)	(23,885,220)	(28,325,615)					
- treasury shares sold			-	9,158,026	-	-	-	3,850,416	13,008,442	-	13,008,442					
- dividends by the Company		37	-	-	-	-	-	(25,715,052)	(25,715,052)	-	(25,715,052)					
- dividends by the subsidiary to non-controlling interests			-	-	-	-	-	-	-	(3,570,000)	(3,570,000)					
Total transactions with owners			-	9,158,026	(5,000,000)	-	-	(21,232,141)	(17,074,115)	(27,528,110)	(44,602,225)					
Realisation of revaluation reserve			-	-	-	-	(1,717,535)	1,749,751	32,216	(32,216)	-					
Balance at 31.12.2023			633,878,029	(30,769,865)	(500,422,471)	549,120	14,626,419	138,262,343	256,123,575	3,110,465	259,234,040					

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



# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023  
cont'd

	The Group	Note	Non-Distributable			Distributable			Attributable to Owners of the Company			Non-controlling interests		Total Equity
			Share Capital	Treasury Shares	Merger Deficit Reserve	Exchange Reserve	Revaluation Reserve	Retained Profits	Company	RM	RM	RM	RM	
			RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1.1.2022														
- As previously reported			633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929		14,620,632		227,584,561	
- Adjustment during measurement period			-	-	-	-	-	-	-		1,787,590		1,787,590	
- As restated			633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929		16,408,222		229,372,151	
Profit after taxation for the financial year			-	-	-	-	-	49,542,324	49,542,324		5,497,025		55,039,349	
Other comprehensive (expense)/income for the financial year			-	-	-	(1,306,394)	-	-	(1,306,394)		(164,100)		(1,470,494)	
- foreign currency translation differences			-	-	-	-	-	-	-		-		-	
- revaluation of properties			-	-	-	-	1,102,667	-	1,102,667		270,765		1,373,432	
Total comprehensive (expenses)/income for the financial year			-	-	-	(1,306,394)	1,102,667	49,542,324	49,338,597		5,603,690		54,942,287	
Contributions by and distributions to owners of the Company:														
- distribution to owners of the Company			-	-	-	-	-	-	-		(4,845,000)		(4,845,000)	
- merger and acquisition			-	-	(6,900,000)	(170,672)	6,613,877	8,890,229	8,433,434		(343,066)		8,090,368	
- purchase of treasury shares			-	(29,628,617)	-	-	-	-	(29,628,617)		-		(29,628,617)	
- dividends by the Company			-	-	-	-	-	(28,476,913)	(28,476,913)		-		(28,476,913)	
- dividends by the subsidiary to non-controlling interests		37	-	-	-	-	-	-	-		(765,000)		(765,000)	
Total transactions with owners			-	(29,628,617)	(6,900,000)	(170,672)	6,613,877	(19,586,684)	(49,672,096)		(5,953,066)		(55,625,162)	
Realisation of revaluation reserve			-	-	-	-	(260,883)	260,883	-		-		-	
Net impact on disposal of revalued property			-	-	-	-	(10,027,695)	14,219,417	4,191,722		-		4,191,722	
Balance at 31.12.2022			633,878,029	(39,927,891)	(495,422,471)	(1,375,390)	14,619,963	105,049,912	216,822,152		16,058,846		232,880,998	

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

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023  
cont'd

The Company	NOTE	Share Capital RM	Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1.1.2022		633,878,029	(10,299,274)	88,846,618	712,425,373
Profit after taxation/Total comprehensive income for the financial year		-	-	78,629,279	78,629,279
Distribution to owners of the Company:					
- Purchase of treasury shares		-	(29,628,617)	-	(29,628,617)
- Dividends	37	-	-	(28,476,913)	(28,476,913)
Total transactions with owners		-	(29,628,617)	(28,476,913)	(58,105,530)
Balance at 31.12.2022/1.1.2023		633,878,029	(39,927,891)	138,998,984	732,949,122
Profit after taxation/Total comprehensive income for the financial year		-	-	20,667,742	20,667,742
Distribution to owners of the Company:					
- Treasury share sold		-	9,158,026	3,850,416	13,008,442
- Dividends	37	-	-	(25,715,052)	(25,715,052)
Total transactions with owners		-	9,158,026	(1,196,894)	7,961,132
Balance at 31.12.2023		633,878,029	(30,769,865)	137,802,090	740,910,254

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation:				
- continuing operations	91,277,987	78,945,725	20,733,745	78,630,151
- discontinued operations	(2,023,591)	(3,933,108)	-	-
Adjustments for:				
Amortisation of investment in club memberships	563	563	-	-
Amortisation of product development expenditure	273,238	287,144	-	-
Amortisation of trademark and patents	384,770	461,129	-	-
Bad debts written off	6,000	109,273	-	-
Depreciation of:				
- property, plant and equipment	7,810,739	8,289,702	-	-
- right-of-use assets	7,918,416	4,590,332	-	-
Impairment losses on:				
- amount owing by a subsidiary	-	-	2,036,657	-
- intangible assets	1,141,357	-	-	-
- investment in subsidiaries	-	-	7,284,672	-
- property	-	28,784	-	-
- goodwill	-	2,276,972	-	-
- trade receivables	2,900,581	1,778,337	-	-
Fair value loss on investment properties	148,000	1,335,000	-	-
Interest expense	21,337,697	11,713,154	13,014,598	5,957,349
Inventories written down	258,015	137,358	-	-
Loss arising from changes in fair value of biological assets	87,552	-	-	-
Loss/(Gain) on disposal of plant and equipment	27,666	(79,383)	-	-
Plant and equipment written off	13,957	73,787	-	-
Waiver of amount owing by subsidiaries	-	-	8,098	6,883
Bad debt recovered	(5,261)	(2,029)	-	-
Dividend income	-	-	(54,829,585)	(86,535,000)
Gain on bargain purchase	(564,600)	-	-	-
Gain on lease termination	(20,216)	(4,905)	-	-
Gain on disposal of asset held for sale	-	(264,168)	-	-
(Gain)/Loss on forward currency contracts	(172,439)	242,789	-	-
(Gain)/Loss on disposal of investment in subsidiaries	(527,141)	-	9,909,036	-
Gain on winding up of a subsidiary	-	-	(41,876)	-
Interest income	(945,052)	(935,937)	(613,485)	(3,710)
Reversal on impairment losses on trade receivables	(1,077,336)	(41,802)	-	-
Share of profit of joint ventures	(283,013)	(302,976)	-	-
Unrealised gain on foreign exchange	(1,772,931)	(969,556)	-	-
Write back of inventories	(77,285)	-	-	-
Operating profit/(loss) before working capital changes	126,117,673	103,736,185	(2,498,140)	(1,944,327)
(Increase)/Decrease in inventories	(19,418,180)	18,760,923	-	-
(Increase)/Decrease in contract assets	(1,468,917)	585,743	-	-
Increase in contract liabilities	2,492,873	593,723	-	-
(Increase)/Decrease in trade and other receivables	(70,520,343)	29,949,377	664,553	(15,934)
Increase/(Decrease) in trade and other payables	36,133,038	(23,863,384)	33,451	216,812
Increase in amount owing by related companies	(1,534,215)	(209,094)	-	-
Increase in amount owing to a joint venture	54,565	1,970,764	-	-
<b>BALANCE CARRIED FORWARD</b>	<b>71,856,494</b>	<b>131,524,237</b>	<b>(1,800,136)</b>	<b>(1,743,449)</b>

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023  
cont'd

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
BALANCE BROUGHT FORWARD		71,856,494	131,524,237	(1,800,136)	(1,743,449)
Interest paid		(15,862,986)	(11,713,154)	(7,539,887)	(5,957,349)
Income tax paid		(19,591,158)	(19,816,958)	(14,630)	(5,250)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		36,402,350	99,994,125	(9,354,653)	(7,706,048)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	6	(37,329,706)	(8,466,308)	(10,048,000)	(24,500,000)
Acquisition of a joint venture		(619,085)	-	-	-
Addition of intangible assets		(304,342)	(386,853)	-	-
Addition to right-of-use assets	38(a)	-	(434,219)	-	-
Advances to subsidiaries		-	-	(95,675,295)	(5,098,261)
Subscription of additional shares in a subsidiary		-	-	(510)	-
(Increase)/Decrease in pledged fixed deposits with licensed banks		(22,416,414)	872,236	-	-
Dividend received		-	-	81,264,035	38,558,087
Disposal of subsidiaries, net of cash and cash equivalents disposed of	6	3,177,153	-	3,500,001	-
Interest received		945,052	935,937	613,485	3,710
Proceeds from disposal of:					
- plant and equipment		489,881	143,725	-	-
- assets classified as held for sale		5,373,084	30,500,000	-	-
Proceeds from issuance of shares to non-controlling interests		490	-	-	-
Proceeds from winding up of a subsidiary		-	-	41,876	-
Purchase of property, plant and equipment	38(a)	(8,456,049)	(7,869,973)	-	-
Purchase of short-term investments		(5,037,125)	-	-	-
Payment of variable deferred consideration		(27,212,628)	(24,317,720)	(27,212,628)	(24,317,720)
Return of investment to non-controlling interest		-	(4,845,000)	-	-
Return of equity contribution		-	-	-	4,655,000
NET CASH FOR INVESTING ACTIVITIES		(91,389,689)	(13,868,175)	(47,517,036)	(10,699,184)
BALANCE CARRIED FORWARD		(54,987,339)	86,125,950	(56,871,689)	(18,405,232)

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2023  
cont'd

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
BALANCE BROUGHT FORWARD		(54,987,339)	86,125,950	(56,871,689)	(18,405,232)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		(29,285,052)	(29,241,913)	(25,715,052)	-
Drawdown of revolving credit	38(c)	424,772,000	289,595,000	60,000,000	-
Drawdown of term loans	38(c)	28,358,210	1,194,000	28,000,000	-
Purchase of treasury shares		-	(29,628,617)	-	(29,628,617)
Proceeds from disposal of treasury shares		13,008,442	-	13,008,442	-
Repayment of lease liabilities		(6,148,294)	(3,981,448)	-	-
Repayment of term loans	38(c)	(21,425,765)	(21,295,655)	(16,260,000)	(13,300,000)
Repayment of revolving credit	38(c)	(392,483,000)	(268,325,000)	-	-
(Repayment to)/Advances from subsidiaries		-	-	(1,580,258)	61,068,939
Net increase/(decrease) of borrowings		47,381,925	(31,786,722)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		64,178,466	(93,470,355)	57,453,132	18,140,322
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,191,127	(7,344,405)	581,443	(264,910)
Effects of foreign exchange translation		752,172	508,960	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		51,564,335	58,399,780	131,057	395,967
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38(d)	61,507,634	51,564,335	712,500	131,057

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



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. 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	:	No.64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, Malaysia.

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 April 2024.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of consumer products segment as disclosed in Note 34 to the financial statements.

## 3. HOLDING COMPANY

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

## 4. BASIS OF PREPARATION

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 4. BASIS OF PREPARATION (Cont'd)

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

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

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

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

- 4.2 The Group and the Company have 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

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

1 January 2024

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

1 January 2024

Amendments to MFRS 101: Non-current Liabilities with Covenants

1 January 2024

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

1 January 2024

Amendments to MFRS 121: Lack of Exchangeability

1 January 2025

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 and the Company upon their initial application.

## 5. MATERIAL ACCOUNTING POLICY INFORMATION

### 5.1 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:-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.1 Critical Accounting Estimates and Judgements (Cont'd)

#### *Key Sources of Estimation Uncertainty (Cont'd)*

#### *(a) 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 and key assumptions are disclosed in Note 11(c) to the financial statements.

#### *(b) Impairment of Investments in Subsidiaries, Property, Plant and Equipment, Investment Properties and Right-of-use Assets*

The Group determines whether an item of its property, plant and equipment, investment properties, right-of-use assets and investments in subsidiaries are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. 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 amount of investment in subsidiaries, property, plant and equipment, investment properties and right-of-use assets as at the reporting date and the key assumptions are disclosed in Notes 6, 7, 9 and 10 to the financial statements.

#### *(c) 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 14 to the financial statements.

#### *(d) Impairment of Contract Assets and Trade Receivables*

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales including changes in customer payment profile 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 values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 12 and 15 to the financial statements respectively.

#### *(e) Useful lives of Bearer Plants*

The cost of bearer plants is depreciated on a straight-line basis over the assets' estimated economic useful lives. The management estimated the useful lives of these assets to 50 years.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.1 Critical Accounting Estimates and Judgements (Cont'd)

#### *Key Sources of Estimation Uncertainty (Cont'd)*

##### *(f) Purchase Price Allocation*

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 6 to the financial statements.

##### *(g) Provisional Goodwill*

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

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

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

##### *(h) Properties and Bearer Plants under Revaluation*

Certain properties and bearer plants of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties and bearer plants were revalued based on fair value less estimated costs to sell, using the Income Approach. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of properties and bearer plants measured at revaluation as at the reporting date is disclosed in Note 9 to the financial statements.

#### *Critical Judgements Made in Applying Accounting Policies*

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

#### **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).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.2 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, if any) 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. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (a) 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.

#### (b) 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.

#### (c) 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 consideration paid or received is recognised directly in equity of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.2 Basis of Consolidation (Cont'd)

#### (d) *Merger Accounting*

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalized by a debit difference, are reclassified and presented as movement in other capital reserves.

#### (e) *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 on 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.

### 5.3 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

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.4 Functional and Foreign Currencies

#### (a) *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's and the Company's functional and presentation currency.

#### (b) *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.

#### (c) *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 joint ventures 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 joint ventures that includes a foreign operation while retaining joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when 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

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.5 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 instruments.

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

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

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

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

#### (a) *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

##### (i) 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).

##### (ii) Fair Value Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.5 Financial Instruments (Cont'd)

#### (a) 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.

#### (b) Financial Liabilities

##### (i) 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).

##### (ii) Fair Value Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

#### (c) Equity Instruments

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

##### (i) Ordinary Shares

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.5 Financial Instruments (Cont'd)

#### (c) *Equity Instruments (Cont'd)*

##### (ii) 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.

#### (d) *Derivatives*

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

#### (e) *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.

#### (f) *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 specific 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.6 Investment in Subsidiaries

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss.

### 5.7 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.

#### (i) Joint Ventures

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

The investment in joint ventures are 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 2023. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.8 Property, Plant and Equipment

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

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

Freehold land and building are stated at revalued amounts based on periodic valuations, at least once in every 3 years, less subsequent depreciation for building. 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. The Group makes an annual transfer of the revaluation reserve to retained profits at an amount equal to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, net of tax.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Freehold buildings	2%
Leasehold buildings	over the remaining lease period
Buildings and structures	2%
Factory equipment and machinery	2.5% - 50%
Forklifts and motor vehicles	10% - 33.3%
Renovation	2% - 25%
Tools, equipment, furniture and fittings	1.8% - 50%
Bearer plants	remaining useful lives of 35 - 38 years

Capital work-in-progress included in property, plant and equipment are not depreciated until such time when the asset is available for use.

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.

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.

### 5.9 Investment Properties

Investment properties are properties which are owned or right-to-use asset 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.9 Investment Properties (Cont'd)

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

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

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

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

### 5.10 Impairment

#### (a) *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 or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.10 Impairment (Cont'd)

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows 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.

### 5.11 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 development expenditure is written down to its recoverable amount.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.12 Intangible Assets

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

### 5.13 Right-of-use assets and Lease liabilities

#### (a) Short-term Leases and Leases of Low-value Assets

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

#### (b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

#### (c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

### 5.14 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and all costs of purchase, cost of conversion plus other costs 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.

### 5.16 Contract Costs Assets

#### (a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

#### (b) Costs to Fulfill a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### 5.17 Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 5.18 Non-current Assets Held for Sale

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.19 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.

### 5.20 Income Taxes

#### (a) Current Tax

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

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

#### (b) 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, unutilised 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, unutilised tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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

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

### 5.21 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.22 Employee Benefits

#### (a) 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.

#### (b) 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.

#### (c) Defined Benefit Plans

The determination of the Group's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period which they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

### 5.23 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.

### 5.24 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.

### 5.25 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.26 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. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

### 5.27 Revenue from Contracts with Customers

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

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

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.27 Revenue from Contracts with Customers (Cont'd)

#### (i) Sale of agriculture supplies, agriculture produce and durian products

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

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

#### (ii) Construction Contract

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

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

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

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

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

#### (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.

### 5.28 Revenue from Other Sources and Other Operating Income

#### (i) Rental income

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

#### (ii) Interest income

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 5. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 5.29 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

### 5.30 Biological assets

Biological assets comprise agricultural produce growing on bearer plants, which is referred to as unharvested durian fruits.

Biological assets are measured at fair value less costs to sell. Fair value is determined based on projected quantities and the estimated market price of agricultural produce. In determining the estimated durian production quantities, the Group consider the estimated yield of the biological assets which is dependent on the age of the durian trees, the location, soil type and infrastructure. The changes in the fair value less costs to sell of agricultural produce growing on bearer plants are recognised in profit or loss.

Biological assets are classified as current assets for produce that are expected to be harvested and sold on a date not more than 12 months after the reporting date.

### 5.31 Bearer plants

Bearer plants are living plants that are used in the supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales.

Bearer plants comprise pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and replanting, labour and any general overheads directly attributed to the development of the rootstock. Pre-cropping costs incurred are capitalised at cost and amortised over the useful life of the rootstock commencing from the date of maturity of the rootstock.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and amortisation method are reviewed at each financial year end to ensure that the amount method and period of amortisation are consistent with previous estimates and the expected pattern of consumption of the future benefits.

The policy for the recognition and measurement of impairment loss is in accordance with Note 5.10(b).

A bearer plants is derecognised upon disposal or when no future economic benefits are expected from it, use or disposal. Any gain or loss arising on derecognition of the bearer plants is included in the profit or loss in the year the bearer plants is derecognised.

Interest costs on borrowings and depreciation of bearer plants that are directly attributed to new planting or replanting incurred prior to maturity are also included in the pre-cropping costs.

Bearer plants include mature and immature plantations that are acquired by the Group. Immature plantations are stated at cost. Mature plantations are stated at revalued amounts based on periodic valuations, at least once in every 3 years, less subsequent depreciation and impairment, if any. Bearer plants are depreciated when the plantation can be harvested (during the eighth year of replanting). The mature bearer plants are depreciated over their estimated useful life of 50 years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are matured.

The useful lives are reviewed, and adjusted if appropriate, at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2023	2022
	RM	RM
<u>Unquoted shares, at cost</u>		
At 1 January	916,443,123	896,598,123
Addition during the financial year	10,048,510	24,500,000
Reassessment of variable deferred consideration	(479,143)	-
Return of equity contribution	-	(4,655,000)
Disposal during the financial year	(16,593,495)	-
Winding up of a subsidiary	(2,500,000)	-
At 31 December	906,918,995	916,443,123
<u>Accumulated impairment losses</u>		
At 1 January	(5,684,458)	(5,684,458)
Addition during the financial year	(7,284,672)	-
Disposal during the financial year	3,184,458	-
Winding up of a subsidiary	2,500,000	-
At 31 December	(7,284,672)	(5,684,458)
Total	899,634,323	910,758,665

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
		2023	2022	
		%	%	
<b>Direct Holding:</b>				
Halex (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd. %	Malaysia	-	100	Manufacturing and distributions of disposable healthcare products
Halex Link Sdn. Bhd.+	Malaysia	-	100	Dissolved
Halex Management Sdn. Bhd.	Malaysia	100	100	Provider of management services
Hextar Chemicals Group Sdn. Bhd.	Malaysia	100	100	Investment holding

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. 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
		2023 %	2022 %	
<b>Direct Holding (Cont'd):</b>				
Hextar Biogas BEE Sdn. Bhd.	Malaysia	55	55	Providing services related to integrated process and system using biological green technology to produce methane gas or organic fertiliser and investment holding
Chempro Technology (M) Sdn. Bhd.	Malaysia	100	100	General agent and trader in institutional and industrial chemicals
Alpha Aim (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading industrial chemicals detergent and related products
Nobel Synthetic Polymer Sdn. Bhd.	Malaysia	100	100	Manufacturing of chemical derivatives, coating and related products
Nobel Scientific Sdn. Bhd.	Malaysia	100	100	Manufacturing of chemicals derivatives, coating and related products
Hextar Kimia Sdn. Bhd. @	Malaysia	49	49	Trading of gas and chemical related services
Hextar Kimia (Australia) Pty. Ltd. #	Australia	100	100	Investment holding
Tufbond Technologies Sdn. Bhd.	Malaysia	100	100	Trading of polymers, adhesive products, machineries, provision of technical assistance and technology transfer
Hextar Agriculture Sdn. Bhd.	Malaysia	100	100	Trading of agrochemicals products
PT. Agro Sentosa Raya *	Indonesia	99.91	99.91	Formulation and repacking of branded pesticides
Hextar Industrial Chemicals Sdn. Bhd.	Malaysia	100	-	Trading and distributing of industrial chemical products
Hextar Fruits Sdn. Bhd.	Malaysia	51	-	Investment holding
Hextar Oiltech Sdn. Bhd. (formerly known as Opcom Lube & Solutions Sdn. Bhd.)	Malaysia	60	-	Manufacturing lubrication oil and oil related products and manufacturing liquid solutions for construction and household uses

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. 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
		2023 %	2022 %	
<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	Trading of disposable healthcare products
Halex Biotechnologies Sdn. Bhd.	Malaysia	100	100	Horticulture and agro-biotechnology. Temporary ceased operations since prior financial year
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Indirect holding through Hextar Chemicals Group Sdn. Bhd.:</b>				
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
<b>Indirect holding through Hextar Biogas BEE Sdn. Bhd.:</b>				
Biogas Environmental Engineering Sdn. Bhd.	Malaysia	100	100	Engaged in the business of biological technology to process the waste material from palm oil processing mill or other industries to produce methane (biogas) or organic fertiliser



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

		Percentage of Issued Share Capital Held by Parent		
Name of Subsidiary	Principal Place of Business/ Country of Incorporation	2023 %	2022 %	Principal Activities
<b>Indirect holding through Chempro Technology (M) Sdn. Bhd.:</b>				
Protek Chemicals & Engineering (B) Sdn. Bhd.*	Brunei	99.99	99.99	Retailer of specialized cleaning and sanitizing chemicals and other related services
<b>Indirect holding through Hextar Kimia Sdn. Bhd.:</b>				
Hextar Oilfield Chemicals Sdn. Bhd.	Malaysia	100	100	Dormant
Hextar Downstream Services Sdn. Bhd.	Malaysia	100	100	Dormant
Hextar Secadyme Sdn. Bhd. (formerly known as Propel Chemicals Sdn. Bhd.) *	Malaysia	100	-	Supplying industrial chemicals and catalysts for the oil and gas industry, blending, mixing and supplying of oilfield chemicals, environmental chemicals and other related products
<b>Indirect holding through Hextar Fruits Sdn. Bhd.:</b>				
PHG.Ever Fresh Food (M) Sdn. Bhd. *	Malaysia	100	-	Engaged in the business of durian, durian processing and other fruits
PHG.Ever Fresh Food (TK) Sdn. Bhd. *	Malaysia	100	-	Engaged in the business of frozen durian, durian paste, durian pulp and other durian related products
PHG Wholesale & Retail Sdn. Bhd. *	Malaysia	100	-	Wholesale of durian and other fruits
PHG Ever Fresh Plantation Sdn. Bhd. *	Malaysia	55	-	Engaged in growing and wholesale of durian
Fruits Venture Sdn. Bhd. §	Malaysia	100	-	Trading of fruits
Durian Boat Global Sdn. Bhd. (formerly known as Hextar IOT Sdn. Bhd.)	Malaysia	100	100 ^	Trading of durian

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. 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
		2023 %	2022 %	
<b>Indirect holding through Hextar Kimia (Australia) Pty. Ltd.:</b>				
International Chemicals Engineering Pty. Ltd.*	Australia	100	100	Supplier of liquid odorant, dosing systems and servicing to gas delivery and storage systems
<b>Indirect holding through Durian Boat Global Sdn. Bhd.:</b>				
Durian Boat Pte. Ltd. \$ ^	Singapore	100	-	Retail sale of durian and durian related products

# - not required to be audited under the laws of the country of incorporation

^ - previously held under Hextar Global Berhad

\* - audited by other firm of chartered accountants

@ - Hextar Kimia Sdn. Bhd. is treated as a subsidiary by virtue of power to effect the variable returns

+ - member's voluntary winding up was completed during the year

% - discontinued operations during the year

\$ - Newly incorporated subsidiaries during the financial year. The subsidiaries will have their first audited financial period ending on 31 December 2024

(a) The details of the acquisition of subsidiaries are as follows:-

(i) Acquisition of Hextar Industrial Chemicals Sdn. Bhd. ("HICSB")

On 22 June 2023, the Company acquired 100% equity interests in Hextar Industrial Chemicals Sdn. Bhd. ("HICSB"). The acquisition of HICSB aims to enhance the Group's Specialty Chemical Segment by fostering synergy within its businesses and further strengthening its operations.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

(i) Acquisition of Hextar Industrial Chemicals Sdn. Bhd. ("HICSB") (Cont'd)

The acquisition was accounted for using the carrying value method of accounting under the merger accounting principal. The carrying values of the identifiable assets and liabilities as at the date of acquisition were:

	The Group 2023 RM
<u>Identifiable Assets Acquired and Liabilities Assumed</u>	
Property, plant and equipment	69,643
Right-of-use assets	1,278,978
Inventories	4,522,289
Trade receivables	7,147,931
Other receivables, deposits and prepayments	1,184,191
Current tax assets	376,117
Amount owing by related company	369,231
Amount owing by related parties	68,500
Cash and cash equivalents	1,723,973
Trade payables	(341,765)
Other payables and accruals	(295,684)
Amount due to related company	(7,740)
Lease liabilities	(1,291,100)
Bills payable	(9,244,959)
Net tangible assets	5,559,605

### Cash Flows Arising from Acquisition

	The Group 2023 RM	The Company 2023 RM
Purchase consideration settled in cash and cash equivalents	10,000,000	10,000,000
Less: Cash and bank balances of subsidiary acquired	(1,723,973)	-
Net cash outflow from the acquisition of a subsidiary	8,276,027	10,000,000

### Acquisition-related costs

The Group has incurred acquisition-related costs of RM79,722 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

(i) Acquisition of Hextar Industrial Chemicals Sdn. Bhd. ("HICSB") (Cont'd)

### Impact of the acquisition on the Group's results

The subsidiary has contributed revenue of RM21,116,493 and profit after taxation of RM660,560 to the Group since the date of acquisition.

Merger deficit arises from the difference between the purchase consideration and the nominal value of shares of subsidiary acquired as at the date of acquisition.

	The Group 2023 RM
Cost of investment	10,000,000
Less: Share capital of HICSB	(5,000,000)
Merger deficit	5,000,000

(ii) Acquisition of Hextar Oiltech Sdn. Bhd. (formerly known as Opcom Lube & Solutions Sdn. Bhd.) ("HOSB")

On 30 August 2023, the Company had acquired 60% equity interests in HOSB. The acquisition of HOSB aims to diversify Group's business by expanding into the trading of lubrication oil and related products for construction and household purposes.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2023 RM
<u>Identifiable Assets Acquired and Liabilities Assumed</u>	
Property, plant and equipment	4,344
Inventories	1,478,916
Trade receivables	1,669,064
Other receivables, deposits and prepayments	3,864
Amount owing by related parties	20,000
Cash and cash equivalents	272,057
Trade payables	(600,840)
Other payables and accruals	(196,201)
Amount due to holding company	(2,701,606)
Amount due to related parties	(84,511)
Fair value of net identifiable liabilities acquired	(134,913)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

- (ii) Acquisition of Hextar Oiltech Sdn. Bhd. (formerly known as Opcom Lube & Solutions Sdn. Bhd.) ("HOSB") (Cont'd)

### Cash Flows Arising from Acquisition

	The Group 2023 RM	The Company 2023 RM
Purchase consideration settled in cash and cash equivalents	48,000	48,000
Less: Cash and bank balances of subsidiary acquired	(272,057)	-
Net cash (inflow)/outflow from the acquisition of a subsidiary	(224,057)	48,000

### Acquisition-related costs

The Group has incurred acquisition-related costs of RM12,213 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

### Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of HOSB is 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 RM128,948. 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.

### **Provisional Goodwill Arising from Acquisition**

	The Group 2023 RM
Total consideration transferred	48,000
Add: Fair value of identifiable net liabilities acquired	134,913
Less: Non-controlling interests	(53,965)
Provisional goodwill (Note 11(a))	128,948

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net liabilities at the date of acquisition.

The goodwill is attributable to the potential for growth of the acquired business as well as the synergies expected to be achieved from integrating the subsidiary into the Group's existing specialty chemicals segment. The goodwill is not deductible for tax purposes.

### Impact of the acquisition on the Group's results

The subsidiary has contributed revenue of RM4,738,513 and loss after taxation of RM471,902 to the Group since the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

### (iii) Acquisition of PHG Group

On 2 June 2023, the Company had incorporated a wholly-owned subsidiary, Hextar Fruits Sdn. Bhd. ("HFSB"), with 100 ordinary shares representing 100% of the total paid-up capital, for a total consideration of RM100. On 28 June 2023, the Company subscribed to 410 of the total 910 new ordinary shares allotted by HFSB, for a total cash consideration of RM410. Following the completion of shares subscriptions, HFSB has become a 51% partially-owned subsidiary of the Company.

On 27 October 2023, HFSB acquired 100% equity interest in PHG.Ever Fresh Food (M) Sdn. Bhd., PHG.Ever Fresh Food (TK) Sdn. Bhd. and PHG Wholesale & Retail Sdn. Bhd. and 55% equity interest in PHG Ever Fresh Plantation Sdn. Bhd. ("PHG group"). The acquisition of PHG group represent an opportunity for the Group to venture into new business segment that would enable the Group to diversify and enlarge its earning base.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	<b>The Group 2023 RM</b>
<u>Identifiable Assets Acquired and Liabilities Assumed</u>	
Property, plant and equipment	36,786,384
Right-of-use assets	566,330
Deferred tax asset	11,637
Inventories	29,245,373
Biological assets	123,731
Trade receivables	7,207,827
Other receivables, deposits and prepayments	4,590,567
Current tax assets	1,511,133
Deposit with licensed bank	11,294,555
Cash and cash equivalents	5,072,613
Term loans	(11,486,990)
Lease liabilities	(614,082)
Deferred tax liabilities	(2,725,480)
Trade payables	(3,883,679)
Other payables and accruals	(1,371,365)
Contract liabilities	(251,725)
Hire purchase payables	(2,725,950)
Bills payable	(22,092,975)
Short-term borrowing	(3,000,000)
Dividend payable	(8,790,000)
Amount due to directors	(1,422,813)
Amount due to shareholders	(1,116,900)
Amount due to related parties	(1,729,500)
Current tax liabilities	(1,765,324)
Fair value of net identifiable assets acquired	33,433,367



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

(iii) Acquisition of PHG Group (Cont'd)

### Cash Flows Arising from Acquisition

	The Group 2023 RM
Total purchase consideration, to be settled by cash	84,000,000
Less : Deferred consideration	(54,000,000)
Less : Cash and bank balances of subsidiaries acquired	(16,367,168)
Net cash outflow from the acquisition of subsidiaries	13,632,832

The deferred consideration of RM54,000,000 will be paid in the following manners:

- (a) RM50,000,000 will be paid within 90 days from the second payment date and the Group has made the payment on 23 January 2024; and
- (b) RM4,000,000 will be paid before the expiration of 12 months from the date of share sale agreement dated on 3 July 2023.

### Acquisition-related costs

The Group has incurred acquisition-related costs of RM709,502 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

### Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of PHG 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 RM26,734,888. 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.

### **Provisional Goodwill Arising from Acquisition**

	The Group 2023 RM
Total consideration transferred	84,000,000
Less: Fair value of identifiable net assets acquired	(33,433,367)
Add: Non-controlling interests	1,854,717
Goodwill from the acquisition of subsidiaries	52,421,350
Less: Goodwill attributable to non-controlling interests	(25,686,462)
Provisional goodwill (Note 11(a))	26,734,888

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

(iii) Acquisition of PHG Group (Cont'd)

### Provisional accounting of acquisition (Cont'd)

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from supplying agrochemicals and fertiliser products. The goodwill is not deductible for tax purposes.

### Impact of the acquisition on the Group's results

The subsidiaries have contributed revenue of RM52,060,590 and profit after taxation of RM10,064,621 to the Group since the date of acquisition.

(iv) Acquisition of Hextar Secadyme Sdn. Bhd. (formerly known as Propel Chemicals Sdn. Bhd.) ("HSSB")

On 3 November 2023, Hextar Kimia Sdn. Bhd., a 49% partially-owned subsidiary of Hextar Global Berhad, acquired 100% equity interest in HSSB. The acquisition of HSSB is to enable the Group to further expand its specialty chemicals business and strengthen Hextar's foothold in the specialty chemicals industry.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2023 RM
<u>Identifiable Assets Acquired and Liabilities Assumed</u>	
Property, plant and equipment	8,361,260
Right-of-use assets	6,107,271
Intangible assets	25
Inventories	2,381,578
Trade receivables	727,637
Other receivables, deposits and prepayments	981,164
Current tax assets	589,265
Cash and cash equivalents	1,237,854
Deferred tax liabilities	(1,758,888)
Trade payables	(455,246)
Other payables and accruals	(622,848)
Lease liabilities	(101,714)
Fair value of net identifiable assets acquired	17,447,358

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

- (iv) Acquisition of Hextar Secadyme Sdn. Bhd. (formerly known as Propel Chemicals Sdn. Bhd.) ("HSSB") (Cont'd)

### Provisional accounting of acquisition

The fair value adjustments and the gain on bargain purchase in relation to the acquisition of HSSB 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 gain on bargain purchase is now provisionally estimated to be RM564,600. Gain on bargain purchase and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

### Cash Flows Arising from Acquisition

	The Group 2023 RM
Total purchase consideration, to be settled by cash	16,882,758
Less: Cash and bank balances of subsidiary acquired	(1,237,854)
Net cash outflow from the acquisition of a subsidiary	15,644,904

### Acquisition-related costs

The Group has incurred acquisition-related costs of RM127,579 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

### Impact of the acquisition on the Group's results

As a result of the acquisition, Hextar Kimia Sdn. Bhd. recognised a gain on bargain purchase of RM564,600. The subsidiary has contributed revenue of RM1,878,378 and profit after taxation of RM187,391 to the Group since the date of acquisition.

(b) The details of the disposal of subsidiaries are as follows:-

- (i) On 4 December 2023, the Company disposed its 100,000 ordinary shares in Durian Boat Global Sdn. Bhd. (formerly known as Hextar IOT Sdn. Bhd.) ("DBGSB") representing 100% of the total paid-up capital, for a total cash consideration of RM1 to Hextar Fruits Sdn. Bhd. ("HFSB"). Accordingly, DBGSB has become a wholly-owned subsidiary of HFSB, which in turn is an indirect partially-owned subsidiary of the Group. The Group recognised a decrease in non-controlling interests of RM72,890 and increase in retained profits of RM72,890 while the Company recognised a loss on disposal of RM99,999.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

- (ii) On 6 June 2023, the Company disposed of its entire equity interests in Halex Woolton (M) Sdn. Bhd. for a total consideration of RM3,500,000.

The following summarises the major classes of the consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

	The Group 2023 RM	The Company 2023 RM
Investment in subsidiaries	-	13,309,037
Property, plant and equipment	4,934,188	-
Intangible asset	8,153	-
Right-of-use assets	3,049,839	-
Inventories	8,495,030	-
Trade receivables	1,635,059	-
Other receivables, deposits and prepayments	526,210	-
Amount owing by related companies	7,894,193	-
Current tax asset	1,750	-
Cash and bank balances	312,209	-
Trade payables	(550,553)	-
Other payables and accruals	(345,940)	-
Amount due to holding company	(15,757,000)	-
Amount due to related companies	(2,122,669)	-
Lease liabilities	(1,224,569)	-
Deferred taxation liabilities	(519,653)	-
Carrying amount of net assets disposed of	6,336,247	13,309,037
Loss on disposal of a subsidiary	(2,836,247)	(9,809,037)
Consideration received, satisfied in cash	3,500,000	3,500,000
Less: Cash and bank balances of a subsidiary disposed of	(312,209)	-
Net cash inflow from the disposal of a subsidiary	3,187,791	3,500,000

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

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

- (iii) On 6 June 2023, Halex (M) Sdn. Bhd., a 100% owned subsidiary of Hextar Global Berhad, disposed of its entire equity interests in Halex Marketing Sdn. Bhd. for a total consideration of RM1.

The following summarises the major classes of the consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

	The Group 2023 RM
Trade receivables	4,383,542
Other receivables, deposits and prepayments	500
Current tax asset	213,220
Cash and bank balances	10,638
Other payables and accruals	(77,095)
Amount due to related companies	(7,894,193)
Carrying amount of net liabilities disposed of	(3,363,388)
Gain on disposal of a subsidiary	3,363,389
Consideration received, satisfied in cash	1
Less: Cash and bank balances of a subsidiary disposed of	(10,638)
Net cash outflow from the disposal of a subsidiary	(10,637)

- (c) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that have been persistently making losses. A total impairment loss of RM7,284,672 (2022 - Nil), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

The recoverable amounts were determined based on their value in use approach, determined by discounting future cash flows projected to be generated by the subsidiaries based on various assumptions. The key assumptions used in the determination of the recoverable amounts are as follows:-

- |                                 |                                                                                                                                                                                                                                                                  |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Revenue                     | Revenue is estimated based on existing order book and anticipated future projects. In estimating the revenue, the Company considers the probability of securing future revenue contracts as well as possible variations in amounts and timing of the cash flows. |
| (ii) Budgeted gross margins     | Gross margins are estimated based on forecast margins for order book, management's expectations and past experience. The margins used were ranging from 6% to 50% (2022 - 11% to 47%).                                                                           |
| (iii) Discount rates (post-tax) | The discount rate reflects specific risks relating to the relevant subsidiaries. The rate used was 9% (2022 - 5%).                                                                                                                                               |
| (iv) Growth rates               | Cash flows for 3 to 5 year period are extrapolated using growth rate ranging from -25% to 47% (2022 - 4% to 22%).                                                                                                                                                |

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

(d) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2023 %	2022 %	2023 RM	2022 RM
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	45	45	2,402,568	1,412,426
Hextar Kimia Sdn. Bhd. and its subsidiaries	51	51	20,113,411	14,646,239
Hextar Fruits Sdn. Bhd. and its subsidiaries	49	-	(19,166,961)	-
Other individually immaterial subsidiaries			(238,553)	181

(e) 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:-

	Hextar Biogas BEE Sdn. Bhd. and Its Subsidiary	
	2023 RM	2022 RM
<u>At 31 December</u>		
Non-current assets	1,707,445	1,702,773
Current assets	5,424,989	3,362,576
Non-current liabilities	(41,893)	(41,364)
Current liabilities	(1,748,106)	(1,885,261)
Net assets	5,342,435	3,138,724
<u>Financial year ended 31 December</u>		
Revenue	13,688,841	5,653,616
Profit for the financial year	2,149,561	734,833
Total comprehensive income	2,149,561	734,833
Total comprehensive income attributable to non-controlling interests	991,670	330,675
Net cash flows from/(for) operating activities	743,706	(16,870)
Net cash flows (for)/from investing activities	(33,097)	3,522



	Hextar Fruits Sdn. Bhd. and Its Subsidiaries
	2023
	RM
<u>At 31 December</u>	
Non-current assets	90,952,355
Current assets	116,370,156
Non-current liabilities	(18,291,477)
Current liabilities	(177,493,715)
Net assets	11,537,319

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

- (e) 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 (Cont'd):-

	<b>Hextar Fruits Sdn. Bhd. and Its Subsidiaries</b>
	<b>2023</b>
	<b>RM</b>
<u>Financial year ended 31 December</u>	
Revenue	52,096,190
Profit for the financial year	9,830,359
Total comprehensive income	9,830,359
Total comprehensive income attributable to non-controlling interests	4,737,184
Net cash flows for operating activities	(32,933,711)
Net cash flows for investing activities	(24,400,350)
Net cash flows from financing activities	57,910,052

- (f) Variable deferred consideration arising from business acquisitions

Included in the purchase consideration for the acquisitions, a retention sum has been agreed as part of the purchase consideration with the previous owners of the subsidiaries for Chempro Group (Consists of Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd.), Nobel Group (Consists of Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.) and Tufbond Technologies Sdn. Bhd. This retention sum is dependent on the profit after tax generated by the following subsidiaries within the profit guarantee period of 3 years from their respective acquisition date.

	<b>The Group And Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Variable Deferred Consideration</u>		
At 1 January	49,712,277	74,029,997
Reassessment of variable deferred consideration	(479,143)	-
Repayment during the financial year	(27,212,628)	(24,317,720)
Unwinding of discount factor	5,474,711	-
At 31 December	27,495,217	49,712,277

If the subsidiaries fail to achieve the minimum guaranteed profit, the Company shall revise the variable deferred consideration by the quantum of the shortfall accordingly.

This retention sum is treated as variable deferred consideration arising from a business acquisition and is measured at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 6. INVESTMENT IN SUBSIDIARIES (Cont'd)

### (f) Variable deferred consideration arising from business acquisitions (Cont'd)

As at 31 December 2023, the variable deferred consideration of Chempro Group that has been paid out was revised to RM13,212,628 as the actual profit after taxation achieved by Chempro Group was below RM13,691,771. The cost of investment and goodwill have been reduced by RM479,143 in the Company and the Group respectively as disclosed in Note 6 and Note 11 to the financial statements.

	The Group And Company	
	2023	2022
	RM	RM
Non-current liabilities	-	25,148,140
Current liabilities	27,495,217	24,564,137
	27,495,217	49,712,277

## 7. Investment Properties

	The Group	
	2023	2022
	RM	RM
<i>Carrying amount</i>		
At 1 January	3,504,000	5,789,000
Loss on changes in fair value (Note 32)	(148,000)	(1,335,000)
Transfer to asset classified as held for sale (Note 20)	(2,536,000)	(950,000)
At 31 December	820,000	3,504,000
Included in the above are:-		
Freehold building, at fair value	820,000	850,000
Leasehold land and building, at fair value	-	2,654,000
	820,000	3,504,000

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Investment properties are stated at fair value, which are estimated by management based on market values of comparable properties, instead of a valuation by an independent professional valuer. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 8. INVESTMENTS IN JOINT VENTURES

	The Group	
	2023	2022
	RM	RM
Unquoted shares, at cost:-		
At 1 January	2,675,000	2,675,000
Addition during the financial year	619,085	-
At 31 December	3,294,085	2,675,000
Share of post-acquisition reserves:-		
At 1 January	(891,628)	(1,194,604)
Share of profit for the financial year	283,013	302,976
Elimination of unrealised loss	33,570	-
At 31 December	(575,045)	(891,628)
	2,719,040	1,783,372

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business and Country of Incorporation	Percentage of Ownership		Principal Activities
		2023	2022	
		%	%	
<b>Indirect holding through Hextar Chemicals Group Sdn. Bhd.:</b>				
Hextar Unitop Sdn. Bhd.	Malaysia	50	50	Manufacturing, exporting, importing and marketing of surfactants, specialty chemicals, intermediates, agrochemical additives, oil field chemicals, emulsifiers and agrichemicals
<b>Indirect holding through Hextar Fruits Sdn. Bhd.:</b>				
PT. Hextar Fruits Indonesia	Indonesia	51	-	Trading of fruits

- (a) The joint arrangements are structured through separate vehicles which provide the Group a right to the net assets of the entities. Accordingly, these investments are classified as joint ventures.
- (b) Although the Group holds more than 50% of the voting power in PT. Hextar Fruits Indonesia, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee that require unanimous consent by all shareholders.
- (c) The Group recognised its shares of results in PT. Hextar Fruits Indonesia based on the unaudited financial statements as it was newly established during the financial year and its initial audited financial period will end on 31 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 8. INVESTMENTS IN JOINT VENTURES (Cont'd)

(d) The summarised financial information for joint venture that is material to the Group is as follows:-

	Hextar Unitop Sdn. Bhd.	
	2023	2022
	RM	RM
<u>At 31 December</u>		
Non-current asset	418,959	542,014
Current assets	3,746,236	3,235,684
Current liabilities	(438,223)	(622,650)
Non-current liability	(90,000)	(117,000)
Net assets	3,636,972	3,038,048
<u>Financial year ended 31 December</u>		
Revenue	5,512,208	7,093,961
Profit for the financial year	598,926	714,214
Net cash flows from operating activities	922,698	1,137,590
Net cash flows from investing activities	2,633	1,979
Net cash flows for financing activities	-	(1,884,500)

(e) The summarised unaudited financial information for joint venture that is immaterial to the Group is as follows:-

	PT. Hextar Fruits Indonesia	
	2023	2022
	RM	RM
<u>Financial year ended 31 December</u>		
Group's share of profit for the financial year	3,119	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 9. PROPERTY, PLANT AND EQUIPMENT

Group	At 1.1.2023 (Restated)	RM	At 1.1.2023 (Restated)	RM	Additions	RM	Acquisition of subsidiaries	RM	Disposal of a subsidiary	RM	Reclassification	RM	Disposal	RM	Write off	RM	Depreciation charge	RM	Foreign currency translation reserve	RM	Revaluation surplus	RM	At 31.12.2023
2023	RM		RM		RM		RM		RM		RM		RM		RM		RM		RM		RM		RM
<b>Carrying amount</b>																							
Freehold land and buildings	17,395,071				-		17,520,000		-		-		-		-		(209,828)		239,954		71,250		35,016,447
Leasehold buildings	19,942,904				56,738		6,876,965		(4,428,324)		2,997,746		-		-		(372,864)		235,610		2,758,287		28,067,062
Building and structures	1,460,006				-		-		-		-		-		-		(57,770)		-		-		1,402,236
Capital work- in-progress	3,479,715				1,428,288		-		-		(3,437,749)		-		-		-		18,478		-		1,488,732
Renovation	1,304,595				224,236		1,390,080		-		(442,431)		-		(13,474)		(337,235)		14,081		-		2,139,852
Forklift and motor vehicles	2,306,056				2,236,520		2,141,941		1,052		87,927		(379,226)		-		(1,086,259)		36,521		-		5,344,532
Tools, equipment, furniture and fittings	6,494,886				2,098,382		1,834,777		(152,991)		741,831		(17,719)		(448)		(2,071,426)		5,980		-		8,933,272
Factory equipment and machinery	15,292,149				4,032,830		5,137,868		(474,235)		52,676		(293)		(35)		(3,628,796)		137,757		-		20,549,921
Bearer plants	-				-		10,320,000		-		-		-		-		(46,561)		-		-		10,273,439
	67,675,382				10,076,994		45,221,631		(5,054,498)		-		(397,238)		(13,957)		(7,810,739)		688,381		2,829,537		113,215,493



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	At 1.1.2022 (Restated)	RM	Additions	RM	Acquisition of subsidiaries	RM	Disposal	RM	Write off	RM	Depreciation charge	Impairment Loss	Foreign currency translation reserve	Revaluation surplus/ (deficit)	Transfer to asset classified as held for sale	At 31.12.2022
2022	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>																
Freehold land and buildings	20,747,609	-	-	-	-	-	-	-	-	-	(128,226)	(28,784)	(81,309)	328,865	(3,443,084)	17,395,071
Leasehold buildings	28,272,984	48,200	4,533,263	-	-	-	-	-	-	-	(750,797)	-	(265,149)	(1,550,007)	(10,345,590)	19,942,904
Building and structures	1,517,777	-	-	-	-	-	-	-	-	-	(57,771)	-	-	-	-	1,460,006
Capital work- in-progress	927,087	2,412,192	149,400	-	-	-	-	-	-	-	-	-	(8,964)	-	-	3,479,715
Renovation	1,519,304	190,710	-	-	(52,382)	(348,511)	-	-	-	-	-	-	(4,526)	-	-	1,304,595
Forklift and motor vehicles	2,669,558	507,477	248,874	(55,873)	(3)	(1,049,300)	-	-	-	-	-	-	(14,677)	-	-	2,306,056
Tools, equipment, furniture and fittings	7,878,584	462,072	35,917	(716)	(3,711)	(1,878,339)	-	-	-	-	-	-	1,079	-	-	6,494,886
Factory equipment and machinery	12,946,610	4,487,344	2,071,110	(7,753)	(17,691)	(4,076,758)	-	-	-	-	-	-	(110,713)	-	-	15,292,149
	76,479,513	8,107,995	7,038,564	(64,342)	(73,787)	(8,289,702)	(28,784)	(484,259)	(1,221,142)	(13,788,674)	67,675,382					

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2023	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Freehold land and buildings	-	35,418,790	(373,559)	(28,784)	35,016,447
Leasehold buildings	-	29,110,064	(1,043,002)	-	28,067,062
Building and structures	-	1,521,311	(119,075)	-	1,402,236
Capital work-in-progress	1,488,732	-	-	-	1,488,732
Renovation	6,175,003	-	(4,035,151)	-	2,139,852
Forklift and motor vehicles	15,378,364	-	(10,033,832)	-	5,344,532
Tools, equipment, furniture and fittings	30,409,386	-	(21,343,638)	(132,476)	8,933,272
Factory equipment and machinery	82,443,519	-	(61,893,598)	-	20,549,921
Bearer plants	611,796	10,320,000	(93,289)	(565,068)	10,273,439
	136,506,800	76,370,165	(98,935,144)	(726,328)	113,215,493

Group 2022 (Restated)	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Freehold land and buildings	-	17,631,570	(207,715)	(28,784)	17,395,071
Leasehold buildings	-	20,935,115	(992,211)	-	19,942,904
Building and structures	-	1,521,311	(61,305)	-	1,460,006
Capital work-in-progress	3,479,715	-	-	-	3,479,715
Renovation	4,983,399	-	(3,586,614)	(92,190)	1,304,595
Forklift and motor vehicles	10,323,861	-	(8,017,805)	-	2,306,056
Tools, equipment, furniture and fittings	25,568,441	-	(18,286,204)	(787,351)	6,494,886
Factory equipment and machinery	75,896,932	-	(58,542,756)	(2,062,027)	15,292,149
Bearer plant	611,796	-	(46,728)	(565,068)	-
	120,864,144	40,087,996	(89,741,338)	(3,535,420)	67,675,382

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### (a) Assets pledged as security to financial institutions

The land and buildings of the Group pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements are as follows:-

	The Group	
	2023	2022
	RM	RM
		(Restated)
At carrying amount:-		
Freehold land and buildings	27,561,612	11,713,215
Leasehold buildings	16,057,895	10,202,299
	43,619,507	21,915,514

### (b) Revaluation of lands and buildings

During the financial year, certain land and buildings were revalued; and certain bearer plants were revalued based on fair value less estimated costs to sell, using the Income Approach. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 35 to the financial statements and accumulated in equity under the revaluation reserve.

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

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

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

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

If the lands and buildings were measured using the cost model, the carrying amounts would be as follows:-

	The Group	
	2023	2022
	RM	RM
Freehold land and buildings	31,094,995	13,614,577
Leasehold buildings	22,396,201	17,354,942
Building and structures	1,450,428	1,510,863
	54,941,624	32,480,382

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

### (c) Assets held under hire purchase arrangements

The plant and equipment of the Group have been pledged as security for the hire purchase payables of the Group as disclosed in Note 25 to the financial statements are:-

	The Group	
	2023	2022
	RM	RM
Forklift and motor vehicles	3,508,384	1,674,514
Factory equipment and machinery	2,285,967	563,563
	5,794,351	2,238,077

### (d) Assets pledged as security to financial institutions

The bearer plants with a net carrying amount of RM10,273,439 have been pledged as security to secure term loan of the Group as disclosed in Note 25.

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# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 10. RIGHT-OF-USE ASSETS

Group 2023	At 1.1.2023 (Restated)	Additions	Termination of lease liabilities	Reassessment of lease liabilities	Depreciation charge	Foreign currency translation reserve	Acquisition of subsidiaries	Disposal of a subsidiary	Revaluation surplus	At 31.12.2023
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>										
Leasehold land	19,116,263	-	-	-	(270,653)	421,918	6,015,723	(1,912,371)	1,717,365	25,088,245
Motor vehicles	17,391	371,466	-	-	(131,714)	864	-	-	-	258,007
Hostels	447,619	450,949	(163,429)	28,256	(192,859)	-	122,945	(145,441)	-	548,040
Warehouses	11,157,543	-	(444,209)	-	(3,369,898)	78,393	80,527	(992,027)	-	6,510,329
Offices	1,009,675	-	(819,397)	-	(190,278)	-	-	-	-	-
Factories	2,392,777	-	-	-	(864,613)	-	441,105	-	-	1,969,269
Forklifts	108,640	162,295	-	34,191	(66,298)	-	-	-	-	238,828
Industrial buildings	25,722,895	-	-	-	(2,828,335)	-	1,278,978	-	-	24,173,538
Land	-	-	-	158,585	(2,280)	-	2,280	-	-	158,585
Office equipment	-	-	-	-	(1,488)	-	11,021	-	-	9,533
	59,972,803	984,710	(1,427,035)	221,032	(7,918,416)	501,175	7,952,579	(3,049,839)	1,717,365	58,954,374

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 10. RIGHT-OF-USE ASSETS (Cont'd)

Group 2022	At 1.1.2022 (Restated)	Additions	Termination of lease liabilities	Reassessment of lease liabilities	Depreciation charge	Foreign currency translation reserve	Acquisition of subsidiaries	Transfer to assets classified as held for sale	Revaluation surplus	At 31.12.2022
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>										
Leasehold land	25,519,854	-	-	-	(355,646)	(474,658)	7,910,970	(16,390,242)	2,905,985	19,116,263
Motor vehicles	-	26,086	-	-	(12,252)	384	3,173	-	-	17,391
Hostels	383,032	275,576	(2,665)	-	(208,324)	-	-	-	-	447,619
Warehouses	1,972,037	11,009,831	-	-	(1,897,332)	4,940	68,067	-	-	11,157,543
Offices	1,196,067	-	(6,506)	194,080	(363,787)	(10,179)	-	-	-	1,009,675
Factories	1,221,283	2,847,558	-	-	(1,676,064)	-	-	-	-	2,392,777
Forklifts	77,989	109,009	(1,431)	-	(76,927)	-	-	-	-	108,640
Industrial buildings	-	25,722,895	-	-	-	-	-	-	-	25,722,895
	30,370,262	39,990,955	(10,602)	194,080	(4,590,332)	(479,513)	7,982,210	(16,390,242)	2,905,985	59,972,803



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 10. RIGHT-OF-USE ASSETS (Cont'd)

Group 2023	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	25,528,988	(440,743)	25,088,245
Motor vehicles	371,200	-	(113,193)	258,007
Hostels	754,220	-	(206,180)	548,040
Warehouses	10,929,122	-	(4,418,793)	6,510,329
Office	1,220,911	-	(1,220,911)	-
Factories	4,906,438	-	(2,937,169)	1,969,269
Forklifts	339,529	-	(100,701)	238,828
Industrial buildings	27,283,682	-	(3,110,144)	24,173,538
Land	199,628	-	(41,043)	158,585
Office equipment	44,643	-	(35,110)	9,533
	46,049,373	25,528,988	(12,623,987)	58,954,374

Group 2022 (Restated)	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	19,414,312	(298,049)	19,116,263
Motor vehicles	80,042	-	(62,651)	17,391
Hostels	795,733	-	(348,114)	447,619
Warehouses	13,685,840	-	(2,528,297)	11,157,543
Offices	2,736,012	-	(1,726,337)	1,009,675
Factories	4,155,675	-	(1,762,898)	2,392,777
Forklifts	289,116	-	(180,476)	108,640
Industrial buildings	25,722,895	-	-	25,722,895
	47,465,313	19,414,312	(6,906,822)	59,972,803

- (a) The Group leases certain pieces of leasehold land, forklifts, motor vehicles, hostels, offices, factories, warehouses, industrial buildings, land and office equipment of which the leasing activities are summarised below:-

(i) Leasehold land

The Group has entered into 11 (2022 - 11) non-cancellable operating lease agreements for the use of land. The leases are for a period of 20 to 999 (2022 - 20 to 999) years with no renewal or purchase option included in the agreements.

The leases do 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 10. RIGHT-OF-USE ASSETS (Cont'd)

- (a) The Group leases certain pieces of leasehold land, forklifts, motor vehicles, hostels, offices, factories, warehouses, industrial buildings, land and office equipment of which the leasing activities are summarised below (Cont'd):-

(ii) Forklifts and motor vehicles

The Group have leased several forklifts and motor vehicles for a period ranging from 3 to 5 (2022 - 1 to 4) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(iii) Hostels

The Group has leased a number of hostels that run for a period ranging 2 to 6 (2022 - 3 to 6) 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 (2022 - 1 to 5) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(v) Office

The Group has leased an office for a period of 7 (2022 - 5 to 10) years, with an option to renew the lease after that date. The lease does not contain any variable lease payments.

(vi) Factories

The Group has leased a number of factories for a period ranging from 3 to 6 (2022 - 4 to 6) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(vii) Industrial buildings

The Group has leased a number of industrial buildings for a period ranging from 3 to 15 (2022 - 3 to 15) years. The leases contain variable lease payments that are incremental at approximately 13% on the 4th, 7th and 11th year.

(viii) Land

The Group has leased a land for a period of 13 years. Lease payments are increased every 3 years to reflect current market rentals.

(ix) Office equipment

The Group has leased a number of office equipment for a period of 5 years. The leases do not contain any variable lease payments.

- (b) The leasehold land of Group with a total carrying amount of RM11,296,784 (2022 - RM9,459,860) has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 10. RIGHT-OF-USE ASSETS (Cont'd)

- (c) During the financial year, certain leasehold land are revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 35 to the financial statements and accumulated in equity under the revaluation reserve.

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

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

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

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

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

	2023 RM	2022 RM
Leasehold land	8,247,926	7,390,541

- (d) The Group also has leases motor vehicles and premises with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (e) The Group will reassess whether it is reasonably certain to exercise the options if there is a significant change in circumstances within its control. During the financial year, the Group has performed a reassessment and the financial effect of revising the lease terms to reflect the effect of exercising the extension options was an increase in recognised lease liabilities and right-of-use assets of RM221,032 (2022 - RM194,080).

## 11. INTANGIBLE ASSETS

	The Group	
	2023 RM	2022 RM
Goodwill on consolidation	158,619,375	132,234,682
Product development expenditure	452,435	551,420
Trademark and patents	2,902,132	4,306,298
	161,973,942	137,092,400

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 11. INTANGIBLE ASSETS (Cont'd)

### (a) Goodwill on consolidation

	The Group	
	2023	2022
	RM	RM
Cost:-		
At 1 January	158,498,455	158,498,455
Acquisition of subsidiaries	26,863,836	-
Reassessment of variable deferred consideration	(479,143)	-
At 31 December	184,883,148	158,498,455
Accumulated impairment losses:-		
At 1 January	(26,263,773)	(23,986,801)
Impairment during the financial year	-	(2,276,972)
At 31 December	(26,263,773)	(26,263,773)
	158,619,375	132,234,682

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

	The Group	
	2023	2022
	RM	RM
Hextar Chemicals Group Sdn. Bhd. and its subsidiaries	7,448,670	7,448,670
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	5,887,218	5,887,218
Alpha Aim (M) Sdn. Bhd., Chempro Technology (M) Sdn. Bhd. and its subsidiary	45,414,681	45,893,824
Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.	59,100,012	59,100,012
Hextar Kimia Sdn. Bhd. and its subsidiaries	13,904,958	13,904,958
Hextar Oiltech Sdn. Bhd. (formerly known as Opcom Lube & Solutions Sdn. Bhd.)	128,948	-
Hextar Fruits Sdn. Bhd. and its subsidiaries	26,734,888	-
	158,619,375	132,234,682

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 11. INTANGIBLE ASSETS (Cont'd)

### (a) Goodwill on consolidation (Cont'd)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a 3 to 5 years period.

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

		The Group	
		2023	2022
1.	Discount rate	12%	5%
	The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.		
2.	Growth rate	-25% - 47%	4% - 22%
	This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.		
3.	Profit margin	6% - 50%	11% - 47%
	Net cash projections for the relevant cash flow period are extrapolated based on past gross/net profit generated by the CGU divided by the gross revenue generated by the respective CGU.		

In assessing the value-in-use, the management believes that there is no reasonably possible change in the above key assumptions applied that is likely to cause the carrying amount of the respective CGU to materially exceed its recoverable amount.

### (b) Product development expenditure

		The Group	
		2023	2022
		RM	RM
Cost			
At 1 January		4,371,662	4,145,927
Additions during the financial year		174,253	225,735
At 31 December		4,545,915	4,371,662
Accumulated amortisation			
At 1 January		(3,820,242)	(3,533,098)
Addition during the financial year (Note 32)		(273,238)	(287,144)
At 31 December		(4,093,480)	(3,820,242)
		452,435	551,420

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

For the Financial Year Ended 31 December 2023  
cont'd

## 11. INTANGIBLE ASSETS (Cont'd)

### (c) Trademark and Patents

	The Group	
	2023	2022
	RM	RM
Cost		
At 1 January	6,131,454	5,970,336
Addition during the financial year	130,089	161,118
Acquisition of a subsidiary	25	-
Disposal of a subsidiary	(11,590)	-
At 31 December	6,249,978	6,131,454
Accumulated amortisation		
At 1 January	(1,825,156)	(1,364,027)
Addition during the financial year (Note 32)	(384,770)	(461,129)
Disposal of a subsidiary	3,437	-
At 31 December	(2,206,489)	(1,825,156)
Accumulated impairment		
At 1 January	-	-
Impairment during the financial year	(1,141,357)	-
At 31 December	(1,141,357)	-
	2,902,132	4,306,298

## 12. TRADE RECEIVABLES

	The Group	
	2023	2022
	RM	RM
<b>Non-current:-</b>		
Third parties	2,263,150	1,292,871
<b>Current:-</b>		
Related parties	11,047,113	399,032
Third parties	151,761,961	133,397,777
	162,809,074	133,796,809
Less: Allowance for impairment losses	(5,358,664)	(3,482,212)
Net trade receivables	157,450,410	130,314,597



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 12. TRADE RECEIVABLES (Cont'd)

	The Group	
	2023	2022
	RM	RM
Allowance for impairment losses:-		
At 1 January	(3,482,212)	(1,745,677)
Acquisition of subsidiaries	(674,252)	-
Addition during the financial year	(2,900,581)	(1,778,337)
Disposal of subsidiaries	97,446	-
Written off during the financial year	523,599	-
Reversal during the financial year	1,077,336	41,802
At 31 December	(5,358,664)	(3,482,212)

The Group's normal trade credit terms range from 30 to 150 (2022 - 30 to 150) days. Other credit terms are assessed and approved on a case-by-case basis.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
<b>Non-current:-</b>					
Prepayment	(a)	2,402,688	2,383,771	-	-
<b>Current:-</b>					
Other receivables					
- Related parties		5,000	-	-	-
- Third parties	(c)	16,968,020	817,091	15,266,558	9,558
Advances to suppliers	(b)	6,366,304	1,213,276	-	-
Deposits		7,634,755	3,487,832	3,500	3,500
Prepayments		33,790,804	8,652,822	25,775	190,328
GST recoverable		529,550	561,635	-	-
		65,294,433	14,732,656	15,295,833	203,386

(a) Non-current prepayment represents product registration fees paid to internal researchers for product development purposes for a period of 5 years (2022 - 5 years).

(b) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

(c) The amount of RM16,696,941 and RM15,257,000 included in other receivables of the Group and the Company respectively are amount owing from a former subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 14. INVENTORIES

	The Group	
	2023	2022
	RM	RM
Consumables	529,489	799,211
Finished goods	101,389,454	42,668,912
Goods in-transit	2,462,862	1,324,420
Packaging materials	3,875,473	6,749,660
Raw materials	79,584,999	87,963,068
	187,842,277	139,505,271
<u>Recognised in profit or loss:-</u>		
Inventories recognised as cost of sales	421,209,918	393,394,488
Inventories written down	28,612	85,163
Inventories written off	229,403	52,195
Write back of inventories	(77,285)	-

The write back was in respect of inventories sold above their carrying amounts during the financial year.

## 15. CONTRACT ASSETS/(LIABILITIES)

- (a) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

	The Group	
	2023	2022
	RM	RM
Balance at 1 January	(2,201,390)	(1,021,924)
Accrued billings during the financial year	(23,207,778)	(6,353,043)
Acquisition of subsidiaries	(251,725)	-
Advance consideration received	(14,496,011)	(10,771,844)
Revenue recognised during the year	36,679,833	15,945,421
Balance at 31 December	(3,477,071)	(2,201,390)
<i>Represented by:</i>		
- Contract assets	1,468,917	-
- Contract liabilities	(4,945,988)	(2,201,390)
	(3,477,071)	(2,201,390)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 15. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

- (a) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.
- (b) Included in contract liabilities are advance considerations received from few customers totalling RM4,833,290 (2022 - RM1,340,759). The amount will be recognised as revenue when the performance obligations are satisfied in the future.
- (c) No expected credit loss was recognised arising from the contract assets of the Company as it is negligible.

## 16. AMOUNT OWING BY/(TO) SUBSIDIARIES

		The Company	
	Interest Charged	2023 RM	2022 RM
<b>Amount owing by subsidiaries:</b>			
- Non-trade balances			
- Interest bearing	6.5% to 7%	51,929,452	-
- Non-interest bearing	-	66,861,236	38,880,491
Allowance for impairment losses		(12,531,667)	(10,495,010)
		106,259,021	28,385,481
<b>Amount owing to subsidiaries:</b>			
- Non-trade balances	-	(59,488,681)	(61,068,939)
<b>Allowance for impairment losses:-</b>			
At 1 January		10,495,010	10,495,010
Addition during the financial year		2,036,657	-
At 31 December		12,531,667	10,495,010

The balances are unsecured and payments made on behalf. The amounts owing are receivable/repayable on demand and are to be settled in cash.

## 17. AMOUNT OWING BY/(TO) RELATED COMPANIES

	The Group	
	2023 RM	2022 RM
<b>Amount owing by related companies:</b>		
- Trade balances	2,133,033	384,401
- Non-trade balances	8,520	-
	2,141,553	384,401
<b>Amount owing to related companies:</b>		
- Trade balances	(579,070)	(283,718)

- (a) The trade balances are subject to the normal credit terms of 30 to 90 (2022 - 30 to 90) days.
- (b) The non-trade balances represent unsecured interest-free advances which are receivable on demand. The amount owing is to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 18. SHORT-TERM INVESTMENTS

	The Group	
	2023	2022
	RM	RM
<u>At cost:</u>		
At 1 January	-	-
Addition	5,000,000	-
Interest income	37,125	-
At 31 December	5,037,125	-
<u>At fair value:</u>		
At 1 January	-	-
Addition	2,000,000	-
Fair value loss	(17,800)	-
At 31 December	1,982,200	-
Total	7,019,325	-

Short-term investments represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable ranging between ten (10) days to nine (9) months' notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

Investment in highly liquid money market instruments amounting to RM1,982,200 (2022 - Nil) is regarded as cash and cash equivalents in view of their high liquidity and insignificant risk of changes in value.

## 19. DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.90% to 4.95% (2022 - 1.80% to 2.85%) per annum respectively. The fixed deposits have maturity periods ranging from 28 to 365 (2022 - 30 to 92) days for the Group.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM18,193,108 (2022 - RM1,473,683) which have been pledged to licensed banks as security for banking facilities granted to the Group.

## 20. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2023	2022
	RM	RM
At 1 January	4,393,084	3,500,000
Transfer from investment properties	2,536,000	950,000
Transfer from property, plant and equipment	-	13,788,674
Transfer from right-of-use assets	-	16,390,242
Disposal during the financial year	(5,373,084)	(30,235,832)
At 31 December	1,556,000	4,393,084

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 20. ASSETS CLASSIFIED AS HELD FOR SALE (Cont'd)

### Assets classified as held for sale in the current financial year

- (a) The Group entered into a Sale and Purchase Agreement on 28 June 2021 for the disposal of a piece of leasehold building for a total consideration of RM3,443,084.

The disposal was completed on 18 October 2023 with no gain no loss. The asset classified as held for sale belongs to Group's "Specialty Chemicals" reportable segment.

- (b) The Group entered into a Sale and Purchase Agreement on 26 October 2022 with the purchaser to dispose of leasehold building for a total consideration of RM950,000.

The disposal was completed on 22 May 2023 with no gain no loss. The asset classified as held for sale belongs to Group's "Investment holding" reportable segment.

- (c) The Group entered into a Sale and Purchase Agreement on 17 February 2023 with the purchaser to dispose of leasehold building for a total consideration of RM980,000.

The disposal was completed on 3 July 2023 with no gain no loss. The asset classified as held for sale belongs to Group's "Investment holding" reportable segment.

- (d) The Group entered into a Sale and Purchase Agreement on 5 February 2024 for the disposal of leasehold building for a total consideration of RM830,000.

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

- (e) In the current financial year, the Group decided to dispose of one of its leasehold building at Kota Kinabalu and started to source for potential buyers. Accordingly, the leasehold building has been presented in the consolidated statement of financial position as "Assets classified as held for sale", measured at fair value before it was reclassified as held for sale.

## 21. SHARE CAPITAL

	The Group/The Company			
	2023	2022	2023	2022
	Number Of Shares		RM	RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 January	1,313,087,284	1,313,087,284	633,878,029	633,878,029
Bonus issue of shares	2,626,174,568	-	-	-
At 31 December	3,939,261,852	1,313,087,284	633,878,029	633,878,029

- (a) The holders of ordinary shares (except 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) During the financial year, the Company issued 2,626,174,568 new ordinary shares pursuant to the bonus issue exercise undertaken by the Company on the basis of 2 bonus shares for every 1 existing ordinary share held by the shareholders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 22. RESERVES

### (a) Revaluation reserve

The revaluation reserve represents:-

- (i) the increase in the fair value of freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income; and
- (ii) revaluation surpluses (net of deferred taxation) of leasehold land immediately prior to its reclassification as right-of-use assets upon the adoption of MFRS 16 'Leases' in 2019.

### (b) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

### (c) Merger deficit reserve

	The Group	
	2023	2022
	RM	RM
Merger deficit reserve	500,422,471	495,422,471

The merger deficit reserve arises from the difference between the carrying value of the investment and the nominal value of shares of a group upon consolidation under the merger accounting principles.

## 23. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share repurchase 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.

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 24. LEASE LIABILITIES

	The Group	
	2023 RM	2022 RM
At 1 January	40,834,406	5,009,710
Acquisition of subsidiaries	2,006,895	79,672
Addition during the financial year	984,710	39,556,736
Interest expense recognised in profit or loss (Note 38(c))	1,957,547	762,426
Changes due to reassessment of lease term	248,140	194,080
Repayment of principal	(6,175,401)	(3,981,448)
Repayment of interest expense	(1,957,547)	(762,426)
Foreign currency translation reserve	53,672	(8,837)
Derecognition of lease	(1,447,251)	(15,507)
Disposal of a subsidiary	(1,224,569)	-
At 31 December	35,280,602	40,834,406
Analysed by:-		
Current liabilities	6,283,856	6,063,297
Non-current liabilities	28,996,746	34,771,109
	35,280,602	40,834,406

## 25. BORROWINGS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
Term loans (secured)	126,190,258	122,042,248	106,695,000	108,615,000
Hire purchase payables (secured)	3,532,008	1,362,760	-	-
	129,722,266	123,405,008	106,695,000	108,615,000
<b>Current</b>				
Term loans (secured)	31,774,584	17,360,800	28,520,000	14,860,000
Hire purchase payables (secured)	1,492,921	621,531	-	-
Revolving credit (secured)	66,000,000	30,720,000	60,000,000	-
Bills payable (secured)	18,421,433	-	-	-
Bills payable (unsecured)	122,804,404	62,412,218	-	-
Bank overdrafts (secured)	7,198,174	-	-	-
Bank overdrafts (unsecured)	7,154,776	-	-	-
	254,846,292	111,114,549	88,520,000	14,860,000

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 25. BORROWINGS (Cont'd)

(a) The borrowings of the Group are secured by:-

- (i) certain properties of the Group as disclosed in Notes 6, 7, 9, 10 and 18 to the financial statements;
- (ii) corporate guarantee of the Company and subsidiaries;
- (iii) guaranteed by the government of Malaysia and Credit Guarantee Corporation Malaysia Berhad under Portfolio Guarantee, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP);
- (iv) keyman insurance by subsidiaries;
- (v) pledge of fixed deposit belonging to subsidiaries as disclosed in Note 19 to the financial statements; and
- (vi) negative pledge over a subsidiary's present and future assets.

(b) The interest rate profile of the borrowings of the Group are summarised below:-

		The Group	
		2023	2022
		%	%
Term loans	Floating rate	4.40 to 12.20	3.65 to 8.50
Hire purchase payables	Fixed rate	2.79 to 9.51	2.79 to 6.29
Bills payable	Floating rate	3.87 to 7.65	2.99 to 6.10
Revolving credit	Floating rate	4.99 to 6.88	5.12 to 5.67
Bank overdrafts	Floating rate	7.65 to 8.14	-

## 26. DEFERRED TAX LIABILITIES/(ASSETS)

		The Group	
		2023	2022
		RM	RM
<b>Deferred tax liabilities</b>			
At 1 January		6,381,235	10,074,218
Acquisition of subsidiaries		4,484,368	560,275
Disposal of subsidiaries		(519,653)	-
Recognised in profit or loss (Note 33)		440,084	(347,267)
Recognised in other comprehensive income		1,319,741	285,731
Recognised in equity		-	(4,191,722)
At 31 December		12,105,775	6,381,235
<b>Deferred tax assets</b>			
At 1 January		(243,408)	(236,240)
Acquisition of subsidiaries		(11,637)	-
Recognised in profit or loss (Note 33)		(402,902)	1,921
Recognised in other comprehensive income		(119,287)	(9,089)
At 31 December		(777,234)	(243,408)
		11,328,541	6,137,827

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 26. DEFERRED TAX LIABILITIES/(ASSETS) (Cont'd)

The components of net deferred tax liabilities are attributable of the following:-

	The Group	
	2023	2022
	RM	RM
Accelerated capital allowances over depreciation	(3,121,862)	(2,511,168)
Accumulated impairment losses on trade receivable	37,300	127,877
Prepaid product registration license	(1,931,048)	(1,957,880)
Product development expenditure	(118,000)	(142,000)
Revaluation reserve	(6,622,595)	(2,008,236)
Unrealised profit in inventory	203,143	(92,538)
Accrual for bonus	299,073	208,315
Inventories written off	61,030	54,245
Unabsorbed capital allowance	24,000	36,000
Unrealised (gain)/loss on foreign exchange - trade	(336,172)	5,809
Unutilised tax losses	45,000	45,000
Others	131,590	96,749
	(11,328,541)	(6,137,827)

## 27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
<b>Non-current:-</b>					
Other payables	(a)	3,208,400	-	-	-
<b>Current:-</b>					
Other payables					
- Related parties		222,334	-	-	-
- Third parties		64,257,766	4,528,414	169,894	11,753
Advances from customers		-	14,120	-	-
Deposits received		2,385,946	126,192	-	-
Accruals	(b)	16,022,491	14,076,202	136,976	261,666
Goods and services tax payable		99,602	15,500	-	-
Sales and services tax payable		168,108	183,307	-	-
		83,156,247	18,943,735	306,870	273,419

(a) The other payables (non-current) are unsecured, interest free and is not expected to be repaid within the next twelve months.

(b) Accruals represents provision for bonus, salaries, commissions and other accrued expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 28. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 7 to 120 (2022 - 14 to 90) days.

## 29. AMOUNT OWING TO A JOINT VENTURE

The amount due to a joint venture is trade in nature and is subject to a credit term of 60 (2022 - 60) days. The amount due is to be settled in cash.

## 30. DERIVATIVES LIABILITIES

	Contract/Notional Amount		The Group	
	2023	2022	2023	2022
	USD	USD	RM	RM
<b>Derivative liabilities</b>				
Forward currency contracts	3,500,000	1,509,267	70,350	242,789

The Group does not apply hedge accounting.

- (a) Forward currency contracts are used to hedge the Group's purchases denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contract is within (4) four months after the end of the reporting year.

## 31. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Revenue from contracts with customers</b>				
<u>Recognised at point in time</u>				
Sales of goods	632,713,961	574,413,359	-	-
Rendering of services	24,494,357	14,841,932	-	-
<u>Recognised over time</u>				
Construction contracts	11,830,346	5,653,616	-	-
<b>Revenue from other sources</b>				
Dividend income	-	-	54,829,585	86,535,000
	669,038,664	594,908,907	54,829,585	86,535,000

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 32. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Amortisation of:				
- investment in club membership	563	563	-	-
- product development expenditure (Note 11)	273,238	287,144	-	-
- trademark and patents	384,274	460,610	-	-
Auditors' remuneration:				
- audit fees:				
- current financial year	429,201	422,620	51,600	51,600
- underprovision in the previous financial year	65,654	23,524	-	-
- other auditors	170,934	66,363	-	-
- non audit fee:				
- auditors of the Company	16,000	38,000	16,000	22,000
Bad debts written off	6,000	109,273	-	-
Depreciation of:				
- property, plant and equipment	7,731,604	8,104,993	-	-
- right-of-use assets	7,689,033	4,039,812	-	-
Directors' remuneration (Note 39(c))	6,447,553	5,508,098	299,000	292,000
Fair value loss on investment properties (Note 7)	148,000	1,335,000	-	-
Impairment loss on:				
- amount owing from subsidiaries	-	-	2,036,657	-
- intangible assets (Note 11)	1,141,357	-	-	-
- investment in subsidiaries (Note 6)	-	-	7,284,672	-
- goodwill (Note 11)	-	2,276,972	-	-
- trade receivables	2,890,021	1,720,609	-	-
- property	-	28,784	-	-
Interest expense:				
- bank overdrafts	50,426	40,869	-	-
- bills payable	3,908,212	2,576,703	-	-
- hire purchase	165,284	107,887	-	-
- lease liabilities	1,930,441	680,408	-	-
- revolving credit	1,577,321	1,345,370	511,118	141,121
- term loans	8,010,564	6,594,532	7,028,769	5,816,228
- variable deferred consideration	5,474,711	-	5,474,711	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 32. PROFIT BEFORE TAXATION (Cont'd)

Profit before taxation is arrived at after charging/(crediting) (Cont'd):-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Inventories written off	229,403	52,195	-	-
Inventories written down	28,612	85,163	-	-
Loss arising from changes in fair value of biological assets	87,552	-	-	-
Loss/(Gain) on disposal of plant and equipment	27,666	(79,383)	-	-
Plant and equipment written off	13,957	73,787	-	-
Short-term leases	1,026,124	3,214,774	1,150	-
Staff costs (including other key management personnel as disclosed in Note 39(c)):				
- short-term employees benefits	39,679,623	28,258,261	-	-
- defined contribution benefits	3,761,000	2,850,620	-	-
Waiver of amount owing by a subsidiary	-	-	8,098	6,883
Bad debts recovered	(5,261)	(2,029)	-	-
Dividend income from subsidiaries	-	-	(54,829,585)	(86,535,000)
Gain on bargain purchase	(564,600)	-	-	-
Gain on disposal of asset held for sale	-	(264,168)	-	-
Gain on lease termination	(20,216)	(4,905)	-	-
Gain on winding up of a subsidiary	-	-	(41,876)	-
(Gain)/Loss on forward currency contracts	(172,439)	242,789	-	-
(Gain)/Loss on disposal of investment in subsidiaries	(527,141)	-	9,909,036	-
Loss/(Gain) on foreign exchange:				
- realised	1,910,041	1,638,667	-	-
- unrealised	(1,686,078)	(953,448)	-	-
Interest income	(941,794)	(929,032)	(613,485)	(3,710)
Rental income	(462,822)	(758,740)	-	-
Reversal of impairment losses on:				
- trade receivables	(1,077,336)	(41,802)	-	-
Write back of inventories	(77,285)	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 33. INCOME TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Income tax:				
- for current financial year	24,084,310	20,128,822	66,000	882
- (over)/underprovision in the previous financial year	(514,629)	134,409	3	(10)
	23,569,681	20,263,231	66,003	872
Deferred taxation (Note 26):				
- for current financial year	(47,915)	(76,197)	-	-
- under/(over)provision in the previous financial year	153,955	(173,823)	-	-
- crystallisation of deferred tax liability arising from revaluation reserve	(68,858)	(95,326)	-	-
	37,182	(345,346)	-	-
Real Property Gains Tax	-	55,383	-	-
	23,606,863	19,973,268	66,003	872
Represented by:-				
Income tax expense on continuing operations	23,614,029	19,990,466	66,003	872
Income tax expense on discontinued operations (Note 34(b))	(7,166)	(17,198)	-	-
Total income tax expense	23,606,863	19,973,268	66,003	872

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 33. INCOME TAX EXPENSE (Cont'd)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after taxation	65,647,533	55,039,349	20,667,742	78,629,279
Total income tax expense	23,606,863	19,973,268	66,003	872
Results from continuing and discontinued operations before income tax expense	89,254,396	75,012,617	20,733,745	78,630,151
Profit before taxation	89,254,396	75,012,617	20,733,745	78,630,151
Tax at the statutory tax rate of 24% (2022 - 24%)	21,421,055	18,003,028	4,976,099	18,871,236
Tax effects of:-				
Non-deductible expenses	6,779,440	5,728,859	8,249,001	1,898,046
Non-taxable income	(891,319)	(392,822)	(13,159,100)	(20,768,400)
Differential in tax rates of foreign subsidiaries	(82,144)	-	-	-
Tax-exempt pioneer income	(1,847,236)	(2,616,000)	-	-
Double deductible expenses	(391,854)	(1,147,163)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	(514,629)	134,409	3	(10)
- deferred tax	153,955	(173,823)	-	-
Deferred tax assets not recognised during the financial year	162,043	891,501	-	-
Crystallisation of deferred tax liability arising from revaluation reserve	(68,858)	(95,326)	-	-
Real property gains tax arising from disposal of properties	-	55,383	-	-
Utilisation of tax incentives	(174,795)	-	-	-
Withholding tax from foreign income	3,324	-	-	-
Share of results in joint ventures	(75,980)	(72,714)	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	(866,139)	(342,064)	-	-
	23,606,863	19,973,268	66,003	872

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 33. INCOME TAX EXPENSE (Cont'd)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2023	2022
	RM	RM
Unutilised tax losses	8,046,013	12,155,223
Unabsorbed capital allowances	271,049	561,417
Unabsorbed reinvestment allowances	-	2,803,000
Other deductible temporary differences	184,730	346,852
	8,501,792	15,866,492

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

## 34. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 6(b)(ii) & 6(b)(iii) to the financial statements, the Group is disposing of its consumer products business which was completed on 6 June 2023.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	2023	2022
	RM	RM
<b>Profit or Loss</b>		
Revenue	6,639,105	23,450,943
Cost of sales	(6,551,097)	(21,536,212)
Gross profit	88,008	1,914,731
Other income	27,707	56,431
Selling and marketing expenses	(839,905)	(3,078,175)
Administrative expenses	(1,124,540)	(2,463,267)
Other expenses	56,437	61,918
Finance costs	(220,738)	(367,385)
Impairment losses on financial assets	(10,560)	(57,361)
Loss before taxation from discontinued operations	(2,023,591)	(3,933,108)
Income tax expense (Note 33)	7,166	17,198
Loss after taxation from discontinued operations	(2,016,425)	(3,915,910)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 34. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (Cont'd)

(a) Loss before taxation from discontinued operations is arrived at after charging/(crediting):-

	The Group	
	2023	2022
	RM	RM
Amortisation of intangible asset	496	519
Audit fee: current financial year	25,083	50,000
Audit fee: under/(over) provision in the previous financial year	9,000	(2,000)
Depreciation:		
- Property, plant and equipment	79,135	184,709
- Right-of-use assets	229,383	550,520
Allowance for impairment losses on trade receivables	10,560	57,728
Interest expenses:		
- bills payable	82,231	61,868
- hire purchase payable	2,220	5,308
- lease liabilities	27,106	82,018
- revolving credit	109,181	218,191
(Gain)/Loss on foreign exchange:		
- realised	24,568	(57,079)
- unrealised	(86,853)	(16,108)
Short-term leases	43,830	113,022
Staff costs:		
- salaries, wages, allowances and other benefits	806,269	3,584,434
- defined contribution benefits	105,815	319,189
Interest income	(3,258)	(7,272)

(b) The income tax expense on discontinued operations are summarised below (Note 33):-

	The Group	
	2023	2022
	RM	RM
Income tax expense	-	-
Deferred tax expenses		
- crystallisation of deferred tax liability arising from revaluation reserve	(7,166)	(17,198)
	(7,166)	(17,198)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 34. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (Cont'd)

(c) The cash flows attributable to the discontinued operations are the following:-

	The Group	
	2023	2022
	RM	RM
Net cash for operation activities	(2,612,953)	(5,154,301)
Net cash (for)/from investing activities	(7,742)	459,448
Net cash from financing activities	1,959,973	4,464,586
Net cash for discontinued operations	(660,722)	(230,267)

## 35. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	The Group	
	2023	2022
	RM	RM
<b>Item that will be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences:		
- changes during the financial year	1,924,476	(1,470,494)
<b>Item that will not be reclassified subsequently to profit or loss</b>		
Revaluation properties	4,583,712	1,650,074
Less: Deferred tax liabilities (Note 26)	(1,200,454)	(276,642)
	3,383,258	1,373,432

## 36. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	The Group 2023			The Group 2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	RM	RM	RM	RM	RM	RM
				(Restated)	(Restated)	
Profit/(Loss) after taxation	67,663,958	(2,016,425)	65,647,533	58,955,259	(3,915,910)	55,039,349
Profit/(Loss) attributable to owners of the Company (Basic)	54,711,246	(2,016,425)	52,694,821	53,458,234	(3,915,910)	49,542,324

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 36. EARNINGS PER SHARE (Cont'd)

### (a) Basic earnings per share (Cont'd)

	The Group	
	2023	2022
	RM	RM
		(Restated)
Weighted average number of ordinary shares in issue (Basic)	3,873,026,225	3,886,490,856
Basic earnings/(loss) per share (sen):		
- continuing operations	1.41	1.38
- discontinued operations	(0.05)	(0.10)
	1.36	1.28

The weighted average number of ordinary shares has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue during the financial year.

### (b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

## 37. DIVIDENDS

On 27 September 2022, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM12,857,526 in respect of the financial year ended 31 December 2022.

The Company on 3 April 2023 paid a second interim dividend of 2.0 sen per ordinary share amounting to RM25,715,052 in respect of the financial year ended 31 December 2022. The financial statements for the previous financial year do not reflect this second interim dividend. Such dividend will be accounted for as an appropriation of retained profits in the financial year ended 31 December 2023.

The Company on 19 February 2024 declared a first interim dividend of 1.0 sen per ordinary share amounting to RM38,760,666 in respect of the financial year ended 31 December 2023, payable on 5 April 2024, to shareholders whose names appeared in the record of depositors on 19 March 2024. The financial statements for the current financial year did not reflect this first interim dividend as it will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2024.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 38. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2023	2022
	RM	RM
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 9)	10,076,994	8,107,995
Less: Acquired through hire purchase arrangement (Note 38(c))	(1,620,945)	(238,022)
	8,456,049	7,869,973
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 10)	984,710	39,990,955
Less: Additions of new lease liabilities (Note 24)	(984,710)	(39,556,736)
	-	434,219

- (b) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2023	2022
	RM	RM
Payment of short-term leases	1,069,954	3,327,796
Interest paid on lease liabilities	1,957,547	762,426
Payment of lease liabilities	6,175,401	3,981,448
	9,202,902	8,071,670

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 38. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease liabilities RM	Hire purchase payables RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
<b>The Group 2023</b>						
At 1 January	40,834,406	1,984,291	139,403,048	62,412,218	30,720,000	275,353,963
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	-	1,620,945	28,358,210	336,593,662	424,772,000	791,344,817
Repayment of principal	(6,175,401)	(1,313,006)	(21,425,765)	(288,149,013)	(392,483,000)	(709,546,185)
Repayment of interests	(1,957,547)	(167,504)	(8,010,564)	(3,990,443)	(1,686,502)	(15,812,560)
	(8,132,948)	140,435	(1,078,119)	44,454,206	30,602,498	65,986,072
<u>Other changes</u>						
Acquisition of new leases (Notes 24 and 38(a))	984,710	-	-	-	-	984,710
Acquisition of subsidiaries	2,006,895	2,725,950	11,486,990	31,337,934	3,000,000	50,557,769
Reassessment of leases	248,140	-	-	-	-	248,140
Interest expense recognised in profit or loss (Note 32 and 34(a))	1,957,547	167,504	8,010,564	3,990,443	1,686,502	15,812,560
Foreign exchange adjustments	53,672	6,749	142,359	(968,964)	(9,000)	(775,184)
Disposal of a subsidiary	(1,224,569)	-	-	-	-	(1,224,569)
Derecognition of leases	(1,447,251)	-	-	-	-	(1,447,251)
	2,579,144	2,900,203	19,639,913	34,359,413	4,677,502	64,156,175
At 31 December	35,280,602	5,024,929	157,964,842	141,225,837	66,000,000	405,496,210

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 38. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease liabilities RM	Hire purchase payables RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
<b>The Group</b>						
<b>2022</b>						
At 1 January	5,009,710	2,499,095	158,414,671	92,987,901	9,450,000	268,361,377
<u>Changes in financing cash flows</u>						
Proceeds from drawdown	-	238,022	1,194,000	182,757,471	289,595,000	473,784,493
Repayment of principal	(3,981,448)	(751,754)	(21,295,655)	(213,792,439)	(268,325,000)	(508,146,296)
Repayment of interests	(762,426)	(113,195)	(6,594,532)	(2,638,571)	(1,563,561)	(11,672,285)
	(4,743,874)	(626,927)	(26,696,187)	(33,673,539)	19,706,439	(46,034,088)
<u>Other changes</u>						
Acquisition of new leases (Notes 24 and 38(a))	39,556,736	-	-	-	-	39,556,736
Acquisition of subsidiaries	79,672	-	1,185,000	431,333	-	1,696,005
Reassessment of leases	194,080	-	-	-	-	194,080
Interest expense recognised in profit or loss (Note 32 and 34(a))	762,426	113,195	6,594,532	2,638,571	1,563,561	11,672,285
Foreign exchange adjustments	(8,837)	(1,072)	(94,968)	27,952	-	(76,925)
Derecognition of lease	(15,507)	-	-	-	-	(15,507)
	40,568,570	112,123	7,684,564	3,097,856	1,563,561	53,026,674
At 31 December	40,834,406	1,984,291	139,403,048	62,412,218	30,720,000	275,353,963

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

### 38. CASH FLOW INFORMATION (Cont'd)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deposits with licensed banks	24,328,491	6,064,225	-	-
Cash and bank balances	76,558,069	50,091,872	712,500	131,057
Short-term investment	1,982,200	-	-	-
Bank overdrafts	(14,352,950)	-	-	-
	88,515,810	56,156,097	712,500	131,057
Less: Deposits pledged with licensed banks (Note 19(b))	(18,193,108)	(1,473,683)	-	-
Bank balances pledged with licensed banks	(8,815,068)	(3,118,079)	-	-
	61,507,634	51,564,335	712,500	131,057

### 39. RELATED PARTY DISCLOSURES

#### (a) Holding Company and Subsidiaries

The holding company is disclosed in Note 3 to the financial statements.

The subsidiaries as disclosed in Note 6 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 39. RELATED PARTY DISCLOSURES (Cont'd)

### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Advances to subsidiaries	-	-	(95,675,295)	(5,098,261)
Advances from subsidiaries	-	-	-	61,068,939
Repayment to subsidiaries	-	-	(1,580,258)	-
Dividend from subsidiaries	-	-	54,829,585	86,535,000
Sales to:				
- fellow subsidiaries	5,166,241	2,659,645	-	-
- a fellow jointly controlled entity	114,085	538,686	-	-
- related parties	36,032,011	27,090,439	-	-
Purchases from:				
- fellow subsidiaries	(2,016,364)	(3,288,874)	-	-
- a fellow jointly controlled entity	(4,715,524)	(5,697,412)	-	-
- related parties	(295,955)	(974)	-	-
Rental received and receivable from a fellow jointly controlled entity	156,499	156,499	-	-
Rental paid and payable to:				
- fellow subsidiaries	(36,750)	(826,829)	-	-
- related parties	(328,326)	-	-	-
Management fee paid and payable to a:				
- fellow subsidiary	(2,490,000)	(2,340,000)	(261,166)	(162,587)
- related party	(120,000)	-	-	-
Consultation fee paid to a shareholder	(102,000)	(102,000)	-	-
Culture fund paid to a fellow subsidiary	(633,735)	-	-	-
Storage fee paid to a:				
- fellow subsidiary	(3,200)	-	-	-
- related party	(32,430)	-	-	-
Software cost paid to a fellow subsidiary	(127,650)	(127,650)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 39. RELATED PARTY DISCLOSURES (Cont'd)

### (b) Significant Related Party Transactions and Balances (Cont'd)

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 32 to the financial statements.

### (c) Key Management Personnel Compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	264,000	264,000	264,000	264,000
- salaries, bonuses and other emoluments	2,488,835	1,439,026	35,000	28,000
Defined contribution benefits	126,200	118,483	-	-
	2,879,035	1,821,509	299,000	292,000
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	354,268	404,785	-	-
- salaries, bonuses and other emoluments	2,955,388	2,949,383	-	-
Defined contribution benefits	258,862	332,421	-	-
	3,568,518	3,686,589	-	-
Total directors' remunerations (Note 32)	6,447,553	5,508,098	299,000	292,000

The estimated monetary value of benefits-in-kind provided to the directors of the Company and directors of the subsidiaries were RM Nil and RM114,873 (2022 - RM25,667 and RM14,377) respectively.

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Other Key Management Personnel</b>				
Short-term employee benefits	573,538	280,302	-	-
Defined contribution benefits	65,016	32,142	-	-
Total compensation for other key management personnel (Note 32)	638,554	312,444	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 40. CAPITAL COMMITMENTS

	The Group	
	2023	2022
	RM	RM
Plant and machinery	50,364	70,218
Furniture and fittings	839,127	59,716
Office equipments	330,720	-
Motor vehicles	-	368,191
Renovation of a property	-	44,686
	1,220,211	542,811

## 41. OPERATING SEGMENTS

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.

The Group is organised into 5 main reportable segments as follows:-

- Investment holding : Investment in shares and properties are held for capital gain.
  - Agriculture : Involved in manufacturing, distribution and agents of agrochemicals, research and development activities.
  - Specialty chemicals : Involved in manufacturing and distribution of specialty chemicals.
  - Consumer products : Involved in manufacturing and distribution of disposable healthcare products.
  - Fruits : Involved in business of trading and distribution of durian.
- (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments

	Investment Holding	Agriculture	Specialty Chemicals	Fruits	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2023</b>								
<b>Revenue</b>								
External revenue	150,779	345,629,747	271,161,948	52,096,190	-	669,038,664	6,639,105	675,677,769
Inter-segment revenue	63,775,958	240,063	284,525	-	(64,300,546)	-	-	-
Total revenue	63,926,737	345,869,810	271,446,473	52,096,190	(64,300,546)	669,038,664	6,639,105	675,677,769
Represented by:-								
Revenue recognised at a point of time								
Dividend income	57,295,550	-	-	-	(57,295,550)	-	-	-
Sales of agriculture supplies	-	345,869,810	-	-	(240,063)	345,629,747	-	345,629,747
Sales of specialty chemicals	-	-	271,446,473	-	(284,525)	271,161,948	-	271,161,948
Sales of fruits	-	-	-	52,096,190	-	52,096,190	-	52,096,190
Sales of consumer products	-	-	-	-	-	-	6,639,105	6,639,105
Others	595,258	-	-	-	(568,751)	26,507	-	26,507
Revenue recognised over time								
Management services	6,035,929	-	-	-	(5,911,657)	124,272	-	124,272
	63,926,737	345,869,810	271,446,473	52,096,190	(64,300,546)	669,038,664	6,639,105	675,677,769

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding RM	Agriculture RM	Specialty Chemicals RM	Fruits RM	Elimination RM	Total Continuing Operations RM	Consumer Products (Discontinued) RM	The Group RM
<b>2023</b>								
<b>Results</b>								
Segment profit/(loss)	48,834,195	41,185,927	60,475,929	12,592,566	(51,918,478)	111,170,139	(1,806,111)	109,364,028
Finance costs	(13,265,378)	(5,856,105)	(1,807,059)	(687,869)	499,452	(21,116,959)	(220,738)	(21,337,697)
Finance income	626,856	331,552	413,684	69,154	(499,452)	941,794	3,258	945,052
Share of result of joint ventures	-	313,464	-	3,119	(33,570)	283,013	-	283,013
Profit/(Loss) before taxation	36,195,673	35,974,838	59,082,554	11,976,970	(51,952,048)	91,277,987	(2,023,591)	89,254,396
Taxation						(23,614,029)		(23,606,863)
Profit after taxation for the financial year						67,663,958		65,647,533
Attributable to:								
- Owners of the Company						54,711,246		52,694,821
- Non-controlling interests						12,952,712		12,952,712
						67,663,958		65,647,533

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Fruits	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2023</b>								
<b>Assets</b>								
Segment assets	1,133,091,849	340,025,341	274,576,918	204,781,497	(1,086,385,564)	866,090,041	31,249,561	897,339,602
Unallocated assets:								
- Current tax assets						11,785,458		12,000,428
- Deferred tax assets						777,234		777,234
Total assets						878,652,733		910,117,264
<b>Addition to non-current assets other than financial instruments:</b>								
- Intangible assets	-	-	123,689	-	-	123,689	6,400	130,089
- Product development expenditure	-	174,253	-	-	-	174,253	-	174,253
- Property, plant and equipment	709,103	3,238,908	4,931,132	1,193,251	-	10,072,394	4,600	10,076,994
- Right-of-use assets	-	489,160	495,550	-	-	984,710	-	984,710
<b>Liabilities</b>								
Segment liabilities	308,343,013	178,960,045	117,350,122	189,147,779	(204,512,542)	589,288,417	27,972,019	617,260,436
Unallocated liabilities:								
- Current tax liabilities						18,024,501		18,024,501
- Deferred tax liabilities						12,105,775		12,625,428
Total liabilities						619,418,693		647,910,365

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding RM	Agriculture RM	Specialty Chemicals RM	Fruits RM	Elimination RM	Total Continuing Operations RM	Consumer Products (Discontinued) RM	The Group RM
<b>2023</b>								
<b>Other information</b>								
Allowance for impairment losses:								
- amount owing from subsidiaries	2,519,385	-	-	-	(2,519,385)	-	-	-
- intangible assets	-	-	1,141,357	-	-	1,141,357	-	1,141,357
- investment in subsidiaries	7,284,672	-	-	-	(7,284,672)	-	-	-
- trade receivables	-	2,021,223	1,819,798	-	(951,000)	2,890,021	10,560	2,900,581
Amortisation expense	-	274,001	384,074	-	-	658,075	496	658,571
Bad debts written off	-	6,000	-	-	-	6,000	-	6,000
Depreciation expense	1,240,178	5,065,678	8,496,556	431,164	187,061	15,420,637	308,518	15,729,155
Fair value loss on investment properties	118,000	30,000	-	-	-	148,000	-	148,000
(Gain)/Loss on disposal of plant and equipment	-	(34,538)	(104,239)	46,133	120,310	27,666	-	27,666
Interest expense	13,265,378	5,856,105	1,807,059	687,869	(499,452)	21,116,959	220,738	21,337,697
Inventories written off	-	-	229,403	-	-	229,403	-	229,403
Inventories written down	-	28,612	-	-	-	28,612	-	28,612
Loss arising from changes in fair value of biological assets	-	-	-	87,552	-	87,552	-	87,552
Bad debts recovered	-	(3,562)	(1,699)	-	-	(5,261)	-	(5,261)
Loss/(Gain) on disposal of investment of subsidiaries	9,909,036	-	-	-	(10,436,177)	(527,141)	-	(527,141)
Gain on lease termination	-	(6,592)	(13,624)	-	-	(20,216)	-	(20,216)
Gain on forward currency contracts	-	(158,646)	(13,793)	-	-	(172,439)	-	(172,439)
Interest income	(127,404)	(331,552)	(413,684)	(69,154)	-	(941,794)	(3,258)	(945,052)
Write back of inventories	-	(55,513)	(21,772)	-	-	(77,285)	-	(77,285)
Plant and equipment written off	-	48	13,909	-	-	13,957	-	13,957
Reversal of impairment losses on trade receivables	-	(554,781)	(522,555)	-	-	(1,077,336)	-	(1,077,336)
Unrealised foreign exchange gain	-	(1,388,077)	(229,368)	(68,633)	-	(1,686,078)	(86,853)	(1,772,931)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM
<b>2022</b>							
Revenue							
External revenue	1,080	369,536,471	225,371,356	-	594,908,907	23,450,943	618,359,850
Inter-segment revenue	90,115,792	67,093	177,044	(90,359,929)	-	-	-
Total revenue	90,116,872	369,603,564	225,548,400	(90,359,929)	594,908,907	23,450,943	618,359,850
Represented by:-							
Revenue recognised at a point of time							
Dividend income	86,535,000	-	-	(86,535,000)	-	-	-
Sales of agriculture supplies	-	369,603,564	-	(67,093)	369,536,471	-	369,536,471
Sales of specialty chemicals	-	-	225,548,400	(177,044)	225,371,356	-	225,371,356
Sales of consumer products	-	-	-	-	-	23,450,943	23,450,943
Others	1,080	-	-	-	1,080	-	1,080
Revenue recognised over time							
Management services	3,580,792	-	-	(3,580,792)	-	-	-
	90,116,872	369,603,564	225,548,400	(90,359,929)	594,908,907	23,450,943	618,359,850



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM
<b>2022</b>							
<b>Results</b>							
Segment profit/(loss)	131,486,159	43,431,118	52,602,127	(138,500,815)	89,018,589	(3,572,995)	85,445,594
Finance costs	(6,183,416)	(3,741,493)	(1,351,988)	-	(11,276,897)	(367,385)	(11,644,282)
Finance income	9,691	119,852	771,514	-	901,057	7,272	908,329
Share of result of a joint venture	-	302,976	-	-	302,976	-	302,976
Profit/(Loss) before taxation	125,312,434	40,112,453	52,021,653	(138,500,815)	78,945,725	(3,933,108)	75,012,617
Taxation					(19,990,466)		(19,973,268)
Profit after taxation for the financial year					58,955,259		55,039,349
Attributable to:							
- Owners of the Company					53,458,234		49,542,324
- Non-controlling interests					5,497,025		5,497,025
					58,955,259		55,039,349

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM
<b>2022</b>							
<b>Assets</b>							
Segment assets	1,108,806,531	341,661,239	204,517,660	(1,068,164,163)	586,821,267	32,415,701	619,236,968
Unallocated asset:							
- Current tax assets					2,622,493		2,837,463
- Deferred tax assets					243,408		243,408
Total assets					589,687,168		622,317,839
<b>Addition to non-current assets other than financial instruments</b>							
- Intangible assets	-	2,000	159,118	-	161,118	-	161,118
- Product development expenditure	-	225,735	-	-	225,735	-	225,735
- Property, plant and equipment	153,520	1,858,968	6,382,237	-	8,394,725	173,492	8,568,217
- Right-of-use assets	-	27,165,957	12,549,422	-	39,715,379	275,576	39,990,955
<b>Liabilities</b>							
Segment liabilities	293,885,919	193,952,230	60,663,303	(198,191,428)	350,310,024	27,114,568	377,424,592
Unallocated liabilities:							
- Current tax liabilities					5,631,014		5,631,014
- Deferred tax liabilities					5,854,416		6,381,235
Total liabilities					361,795,454		389,436,841

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.1 Business Segments (Cont'd)

	Investment Holding	Agriculture	Specialty Chemicals	Elimination	Total Continuing Operations	Consumer Products (Discontinued)	The Group
	RM	RM	RM	RM	RM	RM	RM
<b>2022</b>							
<b>Other information</b>							
Allowance for impairment losses:							
- investment in a subsidiary	-	-	100,000	(100,000)	-	-	-
- trade receivables	-	87,242	682,734	951,000	1,720,976	57,361	1,778,337
- goodwill	-	-	-	2,276,972	2,276,972	-	2,276,972
- property	28,784	-	-	-	28,784	-	28,784
Amortisation expense	-	287,874	460,443	-	748,317	519	748,836
Bad debts written off	-	-	109,273	-	109,273	-	109,273
Depreciation expense	1,135,314	2,289,180	8,533,254	187,057	12,144,805	735,229	12,880,034
Fair value loss on investment properties	1,335,000	-	-	-	1,335,000	-	1,335,000
(Gain)/Loss on disposal of plant and equipment	-	(79,384)	1	-	(79,383)	-	(79,383)
Interest expense	6,183,416	3,768,679	1,448,686	(55,012)	11,345,769	367,385	11,713,154
Inventories written off	20,522	-	31,673	-	52,195	-	52,195
Inventories written down	-	85,163	-	-	85,163	-	85,163
Loss on forward currency contracts	-	228,996	13,793	-	242,789	-	242,789
Plant and equipment written off	-	12,542	61,245	-	73,787	-	73,787
Bad debts recovered	-	-	(2,029)	-	(2,029)	-	(2,029)
Gain on disposal of asset held for sale	-	(264,168)	-	-	(264,168)	-	(264,168)
Gain on lease termination	-	-	(4,905)	-	(4,905)	-	(4,905)
Interest income	(9,691)	(147,834)	(771,507)	-	(929,032)	(7,272)	(936,304)
Reversal of impairment losses on trade receivables	-	(41,802)	-	-	(41,802)	-	(41,802)
Unrealised foreign exchange loss/(gain)	-	57,797	(959,536)	(51,709)	(953,448)	(16,108)	(969,556)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 41. OPERATING SEGMENTS (Cont'd)

### 41.2 Geographical information

Revenue is based on the country in which the customers are located.

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	The Group	
	2023 RM	2022 RM
Local	497,248,754	438,357,919
Export	171,789,910	156,550,988
	669,038,664	594,908,907

### 41.3 Major customer

There is no single customer that contributed 10% or more to the Group's revenue during the financial year.

## 42. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company 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 overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

### 42.1 Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risks

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Indonesia Rupiah ("IDR"), Brunei Dollar ("BND") and Chinese Yuan Renminbi (CNY). 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The 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 is summarised below:-

#### Foreign Currency Exposure

The Group	United States Dollar	RM	Indonesian Rupiah	Singapore Dollar	Australian Dollar	Brunei Dollar	Euro	Chinese Yuan		Ringgit Malaysia	Total
								Renminbi	RM		
											RM
<b>2023</b>											
<u>Financial Assets</u>											
Trade receivables	12,865,725		7,213,056	741,429	2,122,008	474,197	-	11,255		136,285,890	159,713,560
Other receivables	94,069		18,676	-	3,131	-	-	-		16,857,144	16,973,020
Short-term investments	-		-	-	-	-	-	-		7,019,325	7,019,325
Amount owing by related companies	1,814,079		-	-	-	-	-	-		327,474	2,141,553
Deposits with licensed banks	-		-	962,492	-	-	-	-		23,365,999	24,328,491
Cash and bank balances	11,038,613		1,460,833	91,966	4,398,085	1,425,691	-	6,394		58,136,487	76,558,069
	25,812,486		8,692,565	1,795,887	6,523,224	1,899,888	-	17,649		241,992,319	286,734,018

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Indonesian Rupiah RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Euro RM	Chinese Yuan Renminbi RM	Ringgit Malaysia RM	Total RM
<b>2023</b>									
<u>Financial Liabilities</u>									
Trade payables	15,955,745	4,118,473	373,028	700,557	-	-	-	28,052,932	49,200,735
Other payables and accruals	49,695	1,854,442	10,302	1,143,744	131,751	6,404	-	80,514,653	83,710,991
Amount owing to related companies	-	-	-	-	-	-	-	579,070	579,070
Amount owing to a joint venture	-	436,611	-	-	-	-	-	346,639	783,250
Lease liabilities	-	275,486	-	-	-	-	-	35,005,116	35,280,602
Hire purchase payables	-	-	-	206,360	-	-	-	4,818,569	5,024,929
Term loans	-	-	-	2,951,062	-	-	-	155,013,780	157,964,842
Bills payable	67,734,361	-	-	-	-	153,561	2,598,586	70,739,329	141,225,837
Revolving credit	-	-	-	-	-	-	-	66,000,000	66,000,000
Derivative liabilities	70,350	-	-	-	-	-	-	-	70,350
Variable deferred consideration	-	-	-	-	-	-	-	27,495,217	27,495,217
Bank overdrafts	-	-	-	-	-	-	-	14,352,950	14,352,950
	83,810,151	6,685,012	383,330	5,001,723	131,751	159,965	2,598,586	482,918,255	581,688,773



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar	Indonesian Rupiah	Singapore Dollar	Australian Dollar	Brunei Dollar	Euro	Chinese Yuan Renminbi	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2023</b>									
Net financial (liabilities)/assets	(57,997,665)	2,007,553	1,412,557	1,521,501	1,768,137	(159,965)	(2,580,937)	(240,925,936)	(294,954,755)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	-	(2,135,723)	(36,052)	(1,521,501)	(1,768,137)	-	-	240,925,936	235,464,523
Less: Forward foreign currency contracts (contracted notional principal)	16,082,500	-	-	-	-	-	-	-	16,082,500
<b>Currency exposure</b>	<b>(41,915,165)</b>	<b>(128,170)</b>	<b>1,376,505</b>	<b>-</b>	<b>-</b>	<b>(159,965)</b>	<b>(2,580,937)</b>	<b>-</b>	<b>(43,407,732)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Indonesian Rupiah RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
<b>2022</b>							
<u>Financial Assets</u>							
Trade receivables	12,620,569	6,829,093	250,615	2,145,742	426,722	109,334,727	131,607,468
Other receivables	-	63,881	-	9,848	-	743,362	817,091
Amount owing by related companies	331,296	-	-	-	-	53,105	384,401
Deposits with licensed banks	-	-	874,803	-	-	5,189,422	6,064,225
Cash and bank balances	19,098,222	243,608	360,700	1,860,577	1,078,230	27,450,535	50,091,872
	32,050,087	7,136,582	1,486,118	4,016,167	1,504,952	142,771,151	188,965,057
<u>Financial Liabilities</u>							
Trade payables	12,378,924	2,846,108	333,639	692,891	-	13,706,473	29,958,035
Other payables and accruals	-	3,900,562	9,167	1,460,992	108,572	13,125,323	18,604,616
Amount owing to related companies	-	-	-	-	-	283,718	283,718
Amount owing to a joint venture	468,457	-	-	-	-	260,228	728,685
Lease liabilities	-	915,357	-	832,634	-	39,086,415	40,834,406
Hire purchase payables	-	-	-	91,359	-	1,892,932	1,984,291
Term loans	-	564,000	-	2,812,703	-	136,026,345	139,403,048
Bills payable	3,301,414	-	-	-	-	59,110,804	62,412,218
Revolving credit	-	-	-	-	-	30,720,000	30,720,000
Derivatives liabilities	242,789	-	-	-	-	-	242,789
Variable deferred consideration	-	-	-	-	-	49,712,277	49,712,277
	16,391,584	8,226,027	342,806	5,890,579	108,572	343,924,515	374,884,083

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM	Indonesian Rupiah RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
<b>2022</b>							
Net financial assets/(liabilities)	15,658,503	(1,089,445)	1,143,312	(1,874,412)	1,396,380	(201,153,364)	(185,919,026)
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	-	1,089,445	468,562	1,874,412	(1,396,380)	201,153,364	203,189,403
Less: Forward foreign currency contracts (contracted notional principal)	6,633,228	-	-	-	-	-	6,633,228
Currency exposure	22,291,731	-	1,611,874	-	-	-	23,903,605

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (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:-

	The Group	
	Increase/ (Decrease)	Increase/ (Decrease)
	2023	2022
	RM	RM
<b>Effects on Profit After Taxation</b>		
Chinese Yuan Renminbi:		
- strengthened by 5%	(98,076)	-
- weakened by 5%	98,076	-
Euro:		
- strengthened by 5%	(6,079)	-
- weakened by 5%	6,079	-
Indonesian Rupiah:		
- strengthened by 5%	(4,870)	-
- weakened by 5%	4,870	-
Singapore Dollar:		
- strengthened by 5%	52,307	61,251
- weakened by 5%	(52,307)	(61,251)
United States Dollar:		
- strengthened by 5%	(1,592,776)	847,086
- weakened by 5%	1,592,776	(847,086)

There is no impact on the company's equity.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risks (Cont'd)

##### (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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 25 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 and the Company's profit after taxation by RM2,884,532 and RM1,483,634 (2022 - RM1,767,268 and RM938,410) respectively. 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 and the Company's profit after taxation. There is no impact on the Group's and the Company's equity.

##### (iii) Equity Price Risk

The exposure to equity price risk arises mainly from changes in quoted investment prices of the Group. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

If prices for quoted investments classified as fair value through profit or loss at the end of the reporting period strengthen by 5% (2022 - Nil) with all other variables being held constant, the Group's profit after taxation would have increased by RM75,324 (2022 - Nil). A 5% (2022 - Nil) weakening in the quoted prices would have had an equal but opposite effect on the Group's profit after taxation. There is no impact on the Group's equity.

The Company does not have any quoted investments and hence, no sensitivity analysis is presented.

#### (b) Credit Risk

The 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 and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (i) Credit Risk Concentration Profile

The Group and the Company does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Group also determines the 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 related companies) at the end of the reporting period is as follows:-

	The Group	
	2023	2022
	RM	RM
Africa	-	253,981
Asia	159,670,234	127,504,288
Europe	4,805	9,474
North America	-	1,728
Oceania	2,117,107	4,222,398
South America	54,447	-
	161,846,593	131,991,869

##### (ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company 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 of RM130,690,416 (2022 - RM72,338,989), 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 values on initial recognition were not material.

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) *Assessment of Impairment Losses (Cont'd)*

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 120 days past due unless the Group have reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

##### Short-term Investments

The Group is exposed to credit risk in relation to investments in highly liquid money market instruments and deposits with financial institutions in Malaysia. The maximum exposures to credit risks amounts to RM7,019,325 (2022 - RM Nil). As at the reporting date, there was no loss allowance for impairment as determined by the Group for the short-term investments.

##### Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables (including related companies) and contract assets.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables (including related companies) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2022 - 12 months) before the reporting date 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 trade receivables to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Contract Assets (Cont'd)

##### *Allowance for impairment losses*

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 RM2,124,889 and RM8,144 (2022 - RM342,069 and RM42,332) respectively) are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2023</b>			
Current (not past due)	100,836,964	(51,771)	100,785,193
1 to 30 days past due	34,634,716	(65,019)	34,569,697
31 to 60 days past due	13,426,102	(36,421)	13,389,681
61 to 90 days past due	5,706,173	(22,362)	5,683,811
More than 90 days past due	8,798,709	(1,380,498)	7,418,211
	163,402,664	(1,556,071)	161,846,593
Credit impaired:			
- Individually impaired	3,802,593	(3,802,593)	-
Trade receivables	167,205,257	(5,358,664)	161,846,593
Contract assets	1,468,917	-	1,468,917
Total	168,674,174	(5,358,664)	163,315,510
<b>2022</b>			
Current (not past due)	84,995,825	(52,788)	84,943,037
1 to 30 days past due	19,049,365	(89,958)	18,959,407
31 to 60 days past due	12,464,433	(56,965)	12,407,468
61 to 90 days past due	4,731,040	(24,985)	4,706,055
More than 90 days past due	12,401,801	(1,425,899)	10,975,902
	133,642,464	(1,650,595)	131,991,869
Credit impaired:			
- Individually impaired	1,831,617	(1,831,617)	-
Trade receivables	135,474,081	(3,482,212)	131,991,869

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Other Receivables and Amount Owing by Related Companies (Non-trade balances)

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related companies.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, the Group and the Company assess whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group and the Company measure the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

##### *Allowance for Impairment Losses*

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) *Assessment of Impairment Losses (Cont'd)*

##### Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company considers these licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

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 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.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Amount Owing by Subsidiaries (Non-trade Balances) (Cont'd)

##### *Allowance for Impairment Losses*

The Company	Gross Amount RM	Lifetime Loss Allowances RM	Carrying Amount RM
<b>2023</b>			
Low credit risk	104,829,021	-	104,829,021
Credit impaired	13,961,667	(12,531,667)	1,430,000
	118,790,688	(12,531,667)	106,259,021
<b>2022</b>			
Low credit risk	23,118,824	-	23,118,824
Credit impaired	15,761,667	(10,495,010)	5,266,657
	38,880,491	(10,495,010)	28,385,481

The movements in the loss allowances are disclosed in Note 16 to the financial statements.

##### Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

#### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	More Than 5 years RM
<b>2023</b>					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	49,200,735	49,200,735	49,200,735	-	-
Other payables and accruals	83,710,991	83,710,991	80,502,591	3,208,400	-
Amount owing to related companies	579,070	579,070	579,070	-	-
Amount owing to joint ventures	783,250	783,250	783,250	-	-
Bills payable	141,225,837	141,225,837	141,225,837	-	-
Bank overdrafts	14,352,950	14,352,950	14,352,950	-	-
Revolving credit	66,000,000	66,000,000	66,000,000	-	-
Term loans	157,964,842	174,296,287	39,217,531	128,072,854	7,005,902
Hire purchase payables	5,024,929	5,624,027	1,736,458	3,887,569	-
Lease liabilities	35,280,602	45,470,569	8,124,390	15,592,102	21,754,077
Variable deferred consideration	27,495,217	28,288,237	28,288,237	-	-
<u>Derivative Financial Liabilities</u>					
Forward currency contracts (gross settled):					
- gross payments	70,350	16,082,500	16,082,500	-	-
	581,688,773	625,614,453	446,093,549	150,760,925	28,759,979

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	More Than 5 years RM
<b>2022</b>					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	29,958,035	29,958,035	29,958,035	-	-
Other payables and accruals	18,604,616	18,604,616	18,604,616	-	-
Amount owing to related companies	283,718	283,718	283,718	-	-
Amount owing to joint ventures	728,685	728,685	728,685	-	-
Bills payable	62,412,218	62,412,218	62,412,218	-	-
Hire purchase payables	1,984,291	2,168,834	700,219	1,468,615	-
Lease liabilities	40,834,406	52,835,135	7,965,217	21,170,302	23,699,616
Revolving credit	30,720,000	30,720,000	30,720,000	-	-
Term loans	139,403,048	145,042,329	17,447,933	123,621,357	3,973,039
Variable deferred consideration	49,712,277	55,980,008	27,691,771	28,288,237	-
<u>Derivative Financial Liabilities</u>					
Forward currency contracts (gross settled):					
- gross payments	242,789	6,633,228	6,633,228	-	-
	374,884,083	405,366,806	203,145,640	174,548,511	27,672,655

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.1 Financial Risk Management Policies (Cont'd)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
<b>2023</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	306,870	306,870	306,870	-
Amount owing to subsidiaries	59,488,681	59,488,681	59,488,681	-
Term loans	135,215,000	147,918,762	34,978,910	112,939,852
Revolving credit	60,000,000	60,000,000	60,000,000	-
Variable deferred consideration	27,495,217	28,288,237	28,288,237	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	130,690,416	124,323,293	6,367,123
	282,505,768	426,692,966	307,385,991	119,306,975
<b>2022</b>				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	273,419	273,419	273,419	-
Amount owing to subsidiaries	61,068,939	61,068,939	61,068,939	-
Term loans	123,475,000	125,673,532	14,023,283	111,650,249
Variable deferred consideration	49,712,277	55,980,008	27,691,771	28,288,237
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	72,338,989	64,150,272	8,188,717
	234,529,635	315,334,887	167,207,684	148,127,203

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.2 Capital Risk Management

The Group and the Company manages their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manages their 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 and the Company 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:-

	The Group	
	2023	2022
	RM	RM
Bank overdrafts	14,352,950	-
Bills payable	141,225,837	62,412,218
Hire purchase payables	5,024,929	1,984,291
Revolving credit	66,000,000	30,720,000
Term loans	157,964,842	139,403,048
	384,568,558	234,519,557
Less: Deposits with licensed banks	(24,328,491)	(6,064,225)
Less: Cash and bank balances	(76,558,069)	(50,091,872)
Less: Short-term investments	(1,982,200)	-
Net debt	281,699,798	178,363,460
Total equity	259,234,040	232,880,998
Debt-to-equity ratio	1.09	0.77

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:-

	The Company	
	2023	2022
	RM	RM
Revolving credit	60,000,000	-
Term loans	135,215,000	123,475,000
	195,215,000	123,475,000
Less: Cash and bank balances	(712,500)	(131,057)
Net debt	194,502,500	123,343,943
Total equity	740,910,254	732,949,122
Debt-to-equity ratio	0.26	0.17

There were no change in the approach to capital management during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.3 Classification of Financial Instruments

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	1,982,200	-	-	-
<u>Amortised Cost</u>				
Trade receivables	159,713,560	131,607,468	-	-
Other receivables	16,973,020	817,091	15,266,558	9,558
Amount owing by subsidiaries	-	-	106,259,021	28,385,481
Amount owing by related companies	2,141,553	384,401	-	-
Dividend receivable	-	-	1,565,550	28,000,000
Short-term investments	5,037,125	-	-	-
Deposits with licensed banks	24,328,491	6,064,225	-	-
Cash and bank balances	76,558,069	50,091,872	712,500	131,057
	284,751,818	188,965,057	123,803,629	56,526,096
<b>Financial Liabilities</b>				
<u>Fair Value Through Profit or Loss</u>				
Derivative liabilities	70,350	242,789	-	-
<u>Amortised Cost</u>				
Trade payables	49,200,735	29,958,035	-	-
Other payables and accruals	83,710,991	18,604,616	306,870	273,419
Amount owing to subsidiaries	-	-	59,488,681	61,068,939
Amount owing to related companies	579,070	283,718	-	-
Amount owing to joint ventures	783,250	728,685	-	-
Bank overdrafts	14,352,950	-	-	-
Bills payable	141,225,837	62,412,218	-	-
Hire purchase payables	5,024,929	1,984,291	-	-
Revolving credit	66,000,000	30,720,000	60,000,000	-
Term loans	157,964,842	139,403,048	135,215,000	123,475,000
Lease liabilities	35,280,602	40,834,406	-	-
Variable deferred consideration	27,495,217	49,712,277	27,495,217	49,712,277
	581,618,423	374,641,294	282,505,768	234,529,635

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.4 Gains or Losses Arising From Financial Instruments

	2023		2022	
	The Group	The Company	The Group	The Company
	RM	RM	RM	RM
<b>Financial Assets</b>				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(5,615,090)	(1,519,875)	(1,930,722)	3,710
<b>Financial Liabilities</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains/(losses) recognised in profit or loss by:				
- mandatorily required by MFRS 9	172,439	-	(242,789)	-
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(19,380,152)	(11,713,154)	(13,014,598)	(5,957,349)

### 42.5 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 42. FINANCIAL INSTRUMENTS (Cont'd)

### 42.5 Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2023</b>								
<u>Financial Asset</u>								
Short-term investments								
- quoted shares	-	1,982,200	-	-	-	-	1,982,200	1,982,200
<u>Financial Liability</u>								
Derivative liabilities	-	70,350	-	-	-	-	70,350	70,350
<b>2022</b>								
<u>Financial Liability</u>								
Derivative liabilities	-	242,789	-	-	-	-	242,789	242,789

(a) The fair values above have been determined using the following basis:-

- (i) The fair value of short-term investments is determined at their quoted closing bid prices at the end of the reporting period.
- (ii) The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 February 2023, the Company undertook a bonus issue of up to 2,626,174,568 new ordinary shares in the Company ("Bonus Share(s)") on the basis of two (2) Bonus Shares for every one (1) existing ordinary shares of the Company held by the shareholders. The entitlement date of the bonus issue shares was 18 April 2023.
- (b) On 15 May 2023, the Company entered into a conditional Share Sale Agreement to acquire the 5,000,000 ordinary shares in Hextar Industrial Chemicals Sdn. Bhd. ("HICSB"), representing 100% equity interests in HICSB for a total purchase consideration of RM10,000,000 to be fully satisfied by cash. Subsequently on 22 June 2023, the Company announced the completion of the HICSB acquisition upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.
- (c) On 15 May 2023, a direct wholly-owned subsidiary of the Company, Halex (M) Sdn. Bhd. entered into a Share Sale Agreement to dispose of 50,000 ordinary shares in Halex Marketing Sdn. Bhd. ("HxMarketing"), representing 100% equity interests in HxMarketing for a total consideration of RM1. Subsequently on 6 June 2023, the Company announced the completion of the HxMarketing disposal upon the fulfilment of all conditions precedent pursuant to the conditional Share Sale Agreement.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023  
cont'd

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (d) On 15 May 2023, the Company entered into a conditional Share Sale Agreement to dispose of 1,953,081 ordinary shares in Halex Woolton (M) Sdn. Bhd. ("HxWoolton"), representing 100% equity interests in HxWoolton for a total consideration of RM3,500,000. Subsequently on 6 June 2023, the Company announced the completion of the HxWoolton disposal upon the fulfilment of all conditions precedent pursuant to the conditional Share Sale Agreement.
- (e) On 3 July 2023, Hextar Fruits Sdn. Bhd., a 51% partially-owned subsidiary of Hextar Global Berhad, entered into a Share Sale Agreement to acquire 2,500,000 ordinary shares in PHG.Ever Fresh Food (M) Sdn. Bhd. ("PHG (M)"), representing 100% equity interest in PHG (M); 1,000,000 ordinary shares in PHG.Ever Fresh Food (TK) Sdn. Bhd. ("PHG (TK)"), representing 100% equity interest in PHG (TK); 2,000,000 ordinary shares in PHG Wholesale & Retail Sdn. Bhd. ("PHG W&R"), representing 100% equity interest in PHG W&R and 1,320,000 ordinary shares in PHG Ever Fresh Plantation Sdn. Bhd. ("PHG Plantation"), representing 55% equity interest in PHG Plantation for a total purchase consideration of RM84,000,000 to be fully satisfied by cash ("PHG Acquisition"). Subsequently on 26 October 2023, the Company obtained the approval from shareholders for the PHG Acquisition and then announced the completion on 27 October 2023 upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.
- (f) On 27 October 2023, Hextar Kimia Sdn. Bhd., a 49% partially-owned subsidiary of Hextar Global Berhad, entered into a conditional Share Sale Agreement to acquire the 1,008,000 ordinary shares in Hextar Secadyme Sdn. Bhd. (formerly known as Propel Chemicals Sdn. Bhd.) ("HSSB"), representing 100% equity interests in HSSB for a total purchase consideration of RM16,500,000 to be fully satisfied by cash. Subsequently on 3 November 2023, the Company announced the completion of the HSSB acquisition upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

## 44. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 28 May 2021, a direct wholly-owned subsidiary of the Company, Chempro Technology (M) Sdn. Bhd. ("Chempro") was involved in a material litigation with a former employee, Chew Chee Siong ('the Claimant') where the Claimant had filed a claim against Chempro on 15 May 2020 for a reduction in his income due to Chempro's reallocation of certain customers to other employees. On 22 March 2024, the Industrial Tribunal has ordered, Chempro to pay the Claimant a sum of RM543,552 within 30 days from the date of the award to compensate the Claimant for being constructively dismissed.

## 45. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
<b>The Group</b>		
<u>Consolidated Statement of Financial Position (Extract):-</u>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	75,111,694	67,675,382
Right-of-use assets	52,536,491	59,972,803

## LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2023 (RM'000)	Market Value (RM'000)	Date of Valuation
HS(D) 8111, PTB No. 264, Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and supporting structures/Manufacturing and office premise	19 years	60 years lease	12,222	5,300	5,300	31.12.2021
Lot 650 & 651, GM 547 & 361, Ban Foo Village, Mukim Plentong, 81800, Ulu Tiram, Johor	Agriculture land with dilapidated structures/ Vacant	26 years	Freehold	57,101/ 1,826	5,684	5,800	31.12.2021
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	9 years	Freehold	334/ 2,007	6,693	6,950	07.05.2021
Lot 2666, Sungai Pasai, Engkabang, off Jalan Sibu-Bintulu, 96000 Sibu.	Agriculture land/ Vacant	11 years	99 years lease	19,667	75	78	26.03.2022
Lot 1753, 24 <sup>th</sup> Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	11 years	99 years lease	35,181	277	287	26.03.2022
Lot 1633, 23 <sup>rd</sup> Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu.	Agriculture land/ Vacant	11 years	99 years lease	51,395	492	510	26.03.2022
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/ Vacant	6 years	999 years lease	6,070/ 557	1,637	1,640	22.02.2022
GRN 270596, Lot 27031, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor, Bearing postal address No. 11A, Jalan USJ 6/4, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.	A double-storey residential unit / Vacant	7 years	Freehold	111/ 98	669	700	31.12.2021
Geran 1769/M1/4/35, Lot 37224, Mukim of Petaling. No. 28-3, Block A, Sri Desa Entrepreneurs Park, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Office Lot/ Office premise	23 years	Freehold	129	375	375	31.12.2023

# LIST OF PROPERTIES

cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2023 (RM'000)	Market Value (RM'000)	Date of Valuation
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	22 years	Freehold	103	400	400	31.12.2023
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/Rent to third party	6 years	Freehold	113	820	820	31.12.2023
Lot 3605, Block 217, Kuching North Land District, Jalan Batu Kawa, Kuching, Sarawak.	2-storey semi-detached building for industrial purposes/Warehouse	8 years	60 years leasehold	622	1,353	1,400	18.03.2022
Lot No.12, Lorong Epik Industri 1, Epik Industri, Mile 7, Tuaran Road, Inanam, 88450 Kota Kinabalu, Sabah.	2-storey semi-detached showroom, office and workshop/Office premises	8 years	99 years leasehold	908	2,850	3,000	14.10.2021
PN 9958, Lot No. 6120, Mukim of Teluk Kalung, District of Kemaman, Negeri Terengganu.	Industrial land under a double-storey office building/Office premise and warehouse	3 years	60 years leasehold	10,017	16,383	16,554	14.02.2023
18-20 Kilkenny Court, Dandenong, VIC 3175, Melbourne, Australia. Land title Lot 5 on PS 440532	Single level industrial warehouse/Office and warehouse	20 years	Freehold	3,285	5,123	4,924	28.02.2022
ASR CK Building, Kawasan Industri Jababeka Tahap III, Block B1-D, Desa Pasirgombong, Kec. Cikarang Utara, Indonesia	Warehouse with 2 Storey Office/Rent	15 years	20 years leasehold	2,203/ 1,932	4,546	4,639	29.03.2022
ASR GP Building, Jl.Wakil sandi, Kp.kedep No.125 RT.001/RW.021 Desa Tlajung Udik, Gunung Putri Bogor, Indonesia.	Factory and Warehouse	10 years	20 years leasehold	7,755/ 5,052	8,121	7,730	12.01.2023
PN 6568, Lot No. 5410, Mukim of Teluk Kalung, District of Kemaman, Negeri Terengganu.	Double-storey office building under industrial land/Office premise and warehouse	16 years	60 years leasehold	20,000/ 3,000	12,828	12,919	26.9.2023
Unit No. B-05-01, Block B, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur.	Shopoffice/Vacant	16 years	Freehold	158	627	630	29.12.2023



## LIST OF PROPERTIES

cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2023 (RM'000)	Market Value (RM'000)	Date of Valuation
Unit No. B-05-02, Block B, Setiawangsa Business Suite, Jalan Setiawangsa 11, Taman Setiawangsa, 54200 Kuala Lumpur.	Shopoffice/Vacant	16 years	Freehold	146	547	550	29.12.2023
Lot 10380, GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang.	Manufacturing and office premise	6 years	Freehold	7,129	10,966	11,000	26.10.2023
No. 9, Lorong K/J 1, Taman Kelau Jaya, 27500 Raub, Pahang.	Double Storey Shop-office/Hostel for own staff	2 years	Freehold	130	558	560	26.10.2023
GM 9841, Lot 13896, Mukim of Gali, District of Raub.	Agriculture land cultivated with durian trees	8 years	Freehold	29,430	1,414	1,414	26.10.2023
GM 9616, Lot 13897, Mukim of Gali, District of Raub.	Agriculture land cultivated with durian trees	12 years	Freehold	36,490	1,723	1,723	26.10.2023
GM 9617, Lot 13900, Mukim of Gali, District of Raub.	Agriculture land cultivated with durian trees	12 years	Freehold	34,270	1,643	1,643	26.10.2023

# ANALYSIS OF SHAREHOLDINGS

As at 19 March 2024

## STATISTIC OF ORDINARY SHAREHOLDINGS

Class of Shares	: Ordinary Shares
Total number of Issued Share Capital	: 3,939,261,852
Number of Treasury Shares	: 63,195,300

## ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 – 99	207	5.66	9,471	0.00
100 – 1,000	499	13.65	213,541	0.00
1,001 – 10,000	1,365	37.34	6,876,066	0.18
10,001 – 100,000	1,056	28.88	35,985,513	0.93
100,001 – 193,803,326*	526	14.39	2,997,718,961	77.34
193,803,327 and above**	3	0.08	835,263,000	21.55
<b>TOTAL</b>	<b>3,656</b>	<b>100.00</b>	<b>3,876,066,552</b>	<b>100.00</b>

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(This is an aggregation of securities from different securities accounts belonging to the same Registered Holder)

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
HEXTAR HOLDINGS SDN BHD	2,082,466,103	53.73	0	0.00
DATO' ONG SOON HO	0	0.00	2,434,160,903 <sup>[1][2]</sup>	62.80
DATO' ONG CHOO MENG	351,694,800	9.07	2,082,466,103 <sup>[1]</sup>	53.73

### Notes:

[1] Deemed interested by virtue of his interest in Hextar Holdings Sdn Bhd ("HHSB") pursuant to Section 8 of the Companies Act 2016 ("the Act"). HHSB is the holding company of Hextar.

[2] Indirect interested by virtue of the interest held through his child, Dato' Ong Choo Meng pursuant to Section 59(11) (c) of the Act.

## INFORMATION ON DIRECTORS' HOLDINGS

(This is an aggregation of securities from different securities accounts belonging to the same Registered Holder)

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS	%
DATO' ONG SOON HO	0	0.00	2,434,160,903 <sup>[1][2]</sup>	62.80
LEE CHOOI KENG	4,309,920	0.11	0	0.00

### Notes:

[1] Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

[2] Indirect interested by virtue of the interest held through his child, Dato' Ong Choo Meng pursuant to Section 59(11) (c) of the Act.

# ANALYSIS OF SHAREHOLDINGS

As at 19 March 2024  
cont'd

## LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating securities from different securities accounts belonging to the same Registered Holder)

NO.	NAME	NUMBER OF SHARES HELD	%
1.	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (PJCAC)</i>	364,863,000	9.41
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HEXSTAR HOLDINGS SDN BHD</i>	276,000,000	7.12
3.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN. BHD. (M3918A)</i>	194,400,000	5.02
4.	SJ SEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AL RAJHI BANK FOR HEXSTAR HOLDINGS SDN. BHD.</i>	175,658,256	4.53
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR HEXSTAR HOLDINGS SDN BHD (PB)</i>	167,352,000	4.32
6.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (MGN-OCM0001M)</i>	150,000,000	3.87
7.	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN. BHD. ACC 2</i>	110,000,000	2.84
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD</i>	104,064,000	2.68
9.	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG</i>	101,500,000	2.62
10.	BBL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD</i>	87,000,000	2.24
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXSTAR HOLDINGS SDN BHD</i>	85,800,000	2.21
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXSTAR HOLDINGS SDN BHD</i>	83,334,000	2.15
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HEXSTAR HOLDINGS SDN. BHD. (BX1213)</i>	82,000,000	2.12
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK (M) BERHAD</i>	77,864,600	2.01

# ANALYSIS OF SHAREHOLDINGS

As at 19 March 2024  
cont'd

## LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

(Without aggregating securities from different securities accounts belonging to the same Registered Holder)

NO.	NAME	NUMBER OF SHARES HELD	%
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)</i>	70,798,440	1.83
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (MX3826)</i>	69,400,000	1.79
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (6000478)</i>	68,850,000	1.78
18.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>PEMBANGUNAN SUMBER MANUSIA BERHAD</i>	63,492,063	1.64
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG</i>	48,000,000	1.24
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD (THIRD PARTY)</i>	47,640,000	1.23
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')</i>	42,500,000	1.10
22.	KENANGA INVESTMENT BANK BERHAD <i>IVT NAGA 68</i>	41,450,000	1.07
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK BERHAD (EDP 2)</i>	39,675,000	1.02
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON</i>	38,926,000	1.00
25.	HSBC NOMINEES (ASING) SDN BHD <i>SOCIETE GENERALE PARIS</i>	34,264,700	0.88
26.	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD <i>PLEDGED SECURITIES ACCOUNT FOR HEXSTAR HOLDINGS SDN BHD</i>	29,650,000	0.76
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG (7001511)</i>	29,590,000	0.76
28.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHEONG KONG FITT</i>	29,127,800	0.75
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')</i>	27,000,000	0.70
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG</i>	26,940,000	0.70

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 33<sup>rd</sup> Annual General Meeting (“33<sup>rd</sup> AGM”) of Hextar Global Berhad (“the Company”) will be conducted virtually through live streaming from the broadcast venue at Hextar Global Berhad’s Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia and via TIIH Online website at <https://tiih.online> (Domain Registration No. MYNIC:D1A282781) on **Monday, 20 May 2024 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 2023 together with the Reports of the Directors and Auditors thereon.  
**[Refer to Explanatory Note (1)]**
2. To re-elect the following Directors who are retiring in accordance with Clause 127 of the Company’s Constitution:
 

(a) Madam Lee Chooi Keng	(Ordinary Resolution 1)
(b) Mr Liew Jee Min @ Chong Jee Min	(Ordinary Resolution 2)

**[Refer to Explanatory Note (2)]**
3. To approve the payment of Directors’ fees to the following Directors for the financial year ending 31 December 2024:-
 

(a) Dato’ Sri Dr. Erwan Bin Dato’ Haji Mohd Tahir: RM78,000	(Ordinary Resolution 3)
(b) Mr Yeoh Chin Hoe: RM66,000	(Ordinary Resolution 4)
(c) Dato’ Ong Soon Ho: RM60,000	(Ordinary Resolution 5)
(d) Mr Liew Jee Min @ Chong Jee Min: RM60,000	(Ordinary Resolution 6)
(e) Additional Directors’ fees of RM120,000	(Ordinary Resolution 7)

**[Refer to Explanatory Note (3)]**
4. To approve the payment of Directors’ benefits of up to RM100,000 from the date of the forthcoming 33<sup>rd</sup> Annual General Meeting until the next Annual General Meeting of the Company.  
**[Refer to Explanatory Note (4)]** (Ordinary Resolution 8)
5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.  
**[Refer to Explanatory Note (5)]** (Ordinary Resolution 9)

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

## **SPECIAL BUSINESS**

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

**6. PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 10)

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company ("Proposed Mandate").

THAT such approval on the Proposed Mandate shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed Mandate."

***[Refer to Explanatory Note (6)]***

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

## 7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Ordinary Resolution 11)

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting ("AGM") 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;



## NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

- 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 hereby 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 (7)]**

8. **PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATES FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")** (Ordinary Resolution 12)

"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 18 April 2024 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not detrimental to the interest of the minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

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 (8)]**

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.

By Order of the Board

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

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

Company Secretaries

18 April 2024

Kuala Lumpur

## Notes:

- (i) The 33<sup>rd</sup> AGM will be conducted virtually from Hextar Global Berhad's Corporate Office as broadcast venue through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiah.online>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. **NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.**
- (iii) Shareholders may exercise their right to participate (including to post questions to the Board) and vote remotely at the 33<sup>rd</sup> AGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tiah.online>. Please refer to the "Procedures for RPV facilities" in the Administrative Details for the AGM to register, participate and vote remotely via the RPV facilities.
- (iv) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors** as at **10 May 2024** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- (v) A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- (vi) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vii) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (viii) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

## NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

- (ix) The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.
- (x) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV facilities in the Administrative Details for the AGM.
- (xi) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:
  - (a) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
  - (b) By Electronic Form

The Proxy Form can be electronically lodged via **TIIH Online** website at <https://tiih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Proxy Form via TIIH Online.
- (xii) Please ensure ALL the particulars as required in the Proxy Form are completed, signed, and dated accordingly.
- (xiii) Last date and time for lodging the Proxy Form is **Saturday, 18 May 2024 at 10.00 a.m.**
- (xiv) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (xi)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is nortarially certified and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (xv) For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (xi)(a) above. The certificate of appointment should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    1. at least two (2) authorised officers, of whom one shall be a director; or
    2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

## Explanatory Notes to the Agenda:-

### Item 1 of the Agenda

#### Audited Financial Statements for the financial year ended 31 December 2023

1. This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

### Item 2 of the Agenda – Ordinary Resolutions 1 and 2

#### Re-election of Directors who retire in accordance with Clause 127 of the Company's Constitution

2. The Board through the Nomination and Remuneration Committee ("NRC") had assessed the retiring Directors, taking into account their performance, contribution to interaction, quality of input, understanding of their roles, independence of Independent Director, their declaration of conflict of interest, including fit and proper assessment criteria.

Madam Lee Chooi Keng and Mr Liew Jee Min @ Chong Jee Min are due for retirement at the 33<sup>rd</sup> AGM in accordance with Clause 127 of the Company's Constitution. Based on the results of the Board Effectiveness Assessment for the financial year 2023, the Board agreed with the NRC's recommendations on the re-election of the retiring directors. The Board recommended to the shareholders for their approval on the re-election of Directors, backed by the following justifications:-

- They possess a pertinent mix of experience, skills, industry knowledge on business and legal requirements, expertise and core competency, all of which contribute significantly to the Company's well-being.
- They have fulfilled the fit and proper criteria as stated in the Directors' Fit and Proper Policy in discharging their roles and responsibilities.
- They demonstrate a fearlessness in pursuing views and opinions on presented issues.
- They consistently allocate adequate time in discharging their duties and responsibilities as Directors, engage constructively with fellow Board members, attend meetings with thorough preparation, and add substantial value to Board deliberations during meetings.

### Item 3 of the Agenda – Ordinary Resolution 7

#### Payment of additional Directors' fees

3. This resolution is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2024 in the event the Company appoints additional Independent Non-Executive Director(s).

### Item 4 of the Agenda – Ordinary Resolution 8

#### Payment of Directors' benefits

4. This resolution is to facilitate payment of Directors' benefits from the 33<sup>rd</sup> AGM until the next AGM of the Company. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total, the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees and covers the period from the 33<sup>rd</sup> AGM until the next AGM of the Company.

# NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

## Item 5 of the Agenda – Ordinary Resolution 9

### Re-appointment of Crowe Malaysia PLT

5. The AC, in collaboration with the Management, conducted an annual evaluation on the suitability, objectivity, and their independence of the External Auditors ("EA"), Crowe Malaysia PLT ("Crowe"), in accordance with the Company's External Auditors Policy.

The findings of the assessment were presented to the AC for deliberation recommended to the Board on the re-appointment of the Crowe during its meetings held on 20 November 2023. The AC was satisfied with the suitability of Crowe, considering factors such as calibre of the EA firm, the quality of audit, performance, competency, and adequacy of resources provided by the external audit team to the Group.

On 20 November 2023, the Board during its meetings, agreed with the AC's recommendations and proposed to the shareholders' approval at the 33<sup>rd</sup> AGM on the appointment of Crowe as EA of the Company for the financial year 2024 in accordance with Section 340(1)(c) and Section 274(1)(a) of the Act.

## Item 6 of the Agenda – Ordinary Resolution 10

### Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

6. The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed Mandate").

The authority for the Proposed Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 32<sup>nd</sup> AGM held on 12 June 2023 and will lapse at the conclusion of the 33<sup>rd</sup> AGM to be held on 20 May 2024. 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 7 of the Agenda – Ordinary Resolution 11

### Proposed Renewal of Authority of Share Buy-Back

7. The proposed Resolution No. 11, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For further information, please refer to the Share Buy-Back Statement dated 18 April 2024.

## NOTICE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

cont'd

Item 8 of the Agenda – Ordinary Resolution 12

Proposed Renewal and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature

8. The proposed Resolution No. 12 in respect of the Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of the 33<sup>rd</sup> Annual General Meeting ("AGM") are as follows:

(i) Ordinary Resolution 1

**LEE CHOOI KENG**

*(Group Managing Director)*

**Nationality** | Malaysian

**Age** | 66

**Gender** | Female

**Date of Appointment** | 22 May 2017

**Length of Tenure** | 6 years 10 months  
*(as at 19 March 2024)*

**Board Meeting Attendance in 2023** | 9/9

**MEMBERSHIP OF BOARD COMMITTEES**

- Risk Management Committee
- Whistleblowing Committee

**QUALIFICATION**

- Bachelor of Science, majoring in Chemistry

**DIRECTORSHIP/PRESENT APPOINTMENTS** *(Other than Hextar Global Berhad)*

- NIL

**INTERESTS IN THE SECURITIES IN HEXTAR GLOBAL BERHAD** *(as at 19 March 2024)*

- 4,309,920 Ordinary Shares

**RELEVANT EXPERIENCE**

Madam Lee commenced her career as a chemist before gaining extensive experience in a senior management position in the private sector of the agrochemical industry for over 40 years. Currently, she oversees the overall development and business operations of the Hextar Group.

She has no family relationship with any Director and/or major shareholder of the Group. In addition, she has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of her judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

Madam Lee has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

The Board hereby recommends the re-election of Madam Lee Chooi Keng as the Group Managing Director of the Company for the Shareholders' approval.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)  
cont'd

## (ii) Ordinary Resolution 2

**LIEW JEE MIN @ CHONG JEE MIN**  
(Independent Non-Executive Director)

**Nationality** | Malaysian

**Age** | 64

**Gender** | Male

**Date of Appointment** | 14 December 2017

**Length of Tenure** | 6 years 3 months

(as at 19 March 2024)

**Board Meeting Attendance in 2023** | 9/9

### MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee
- Nomination and Remuneration Committee

### QUALIFICATION

- Honours Degree in Law, University of Leeds, England

### DIRECTORSHIP/PRESENT APPOINTMENTS (*Other than Hextar Global Berhad*)

- Hextar Healthcare Berhad
- Asteel Group Berhad (formerly known as YKGI Holdings Berhad)
- Parkson Holdings Berhad

### INTERESTS IN THE SECURITIES IN HEXTAR GLOBAL BERHAD (as at 19 March 2024)

- NIL

### RELEVANT EXPERIENCE

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

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

He has no family relationship with any Director and/or major shareholder of the Group and has no business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a Director of Hextar which would be disadvantageous to the Group.

Mr Chong has not been convicted of any offences within the past 5 years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

The Board hereby recommends the re-election of Mr Liew Jee Min @ Chong Jee Min as the Independent Non-Executive Director of the Company for the Shareholders' approval.

## 2. General mandate for issue of securities

Kindly refer to the Explanatory Notes on Special Business – Proposed Renewal of Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (6) of the Notice of the 33<sup>rd</sup> AGM.



**HEXTAR GLOBAL BERHAD**  
Registration No. 199001014551 (206220-U)  
(Incorporated in Malaysia)

**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 33<sup>rd</sup> Annual General Meeting ("33<sup>rd</sup> AGM") of the Company will be conducted virtually through live streaming from the broadcast venue at Hextar Global Berhad's Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia and via TIH Online website at <https://tiah.online> (Domain Registration No. MYNIC:D1A282781) on Monday, 20 May 2024 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 Madam Lee Chooi Keng as Director of the Company pursuant to Clause 127 of the Company's Constitution.		
Ordinary Resolution 2	To re-elect Mr Liew Jee Min @ Chong Jee Min as Director of the Company pursuant to Clause 127 of the Company's Constitution.		
Ordinary Resolution 3	To approve Director's fee of RM78,000 to Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir for the financial year ending 31 December 2024.		
Ordinary Resolution 4	To approve Director's fee of RM66,000 to Mr Yeoh Chin Hoe for the financial year ending 31 December 2024.		
Ordinary Resolution 5	To approve Director's fee of RM60,000 to Dato' Ong Soon Ho for the financial year ending 31 December 2024.		
Ordinary Resolution 6	To approve Director's fee of RM60,000 to Mr Liew Jee Min @ Chong Jee Min for the financial year ending 31 December 2024.		
Ordinary Resolution 7	To approve additional Directors' fees of RM120,000 for the financial year ending 31 December 2024.		
Ordinary Resolution 8	To approve Directors' benefits of up to RM100,000 from the date of the forthcoming 33 <sup>rd</sup> AGM until the next Annual General Meeting of the Company.		
Ordinary Resolution 9	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Ordinary Resolution 10	Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act, 2016.		
Ordinary Resolution 11	Proposed Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 12	Proposed Renewal and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Signature of Member(s) or  
Common Seal\*

^ Delete whichever is inapplicable

\* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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**Notes:**

- (i) The 33<sup>rd</sup> AGM will be conducted virtually from Hextar Global Berhad's Corporate Office as broadcast venue through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at <https://tjih.online>.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. **NO SHAREHOLDERS / PROXY(IES) WILL BE ALLOWED TO BE PHYSICALLY PRESENT AT THE BROADCAST VENUE.**
- (iii) Shareholders may exercise their right to participate (including to post questions to the Board) and vote remotely at the 33<sup>rd</sup> AGM via the RPV facilities provided by Tricor via its TIH Online website at <https://tjih.online>. Please refer to the "Procedures for RPV facilities" in the Administrative Details for the AGM to register, participate and vote remotely via the RPV facilities.
- (iv) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors** as at **10 May 2024** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- (v) A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- (vi) Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vii) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- (viii) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (ix) The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.
- (x) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at TIH Online website at <https://tjih.online>. Please follow the Procedures for RPV facilities in the Administrative Details for the AGM.

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The Share Registrar:

**HEXTAR GLOBAL BERHAD** Registration No. 199001014551 (206220-U)  
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD  
Registration No. 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia.

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- (xi) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:
  - (a) In hard copy form  
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
  - (b) By Electronic Form  
The Proxy Form can be electronically lodged via **TIH Online** website at <https://tjih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Proxy Form via TIH Online.
- (xii) Please ensure ALL the particulars as required in the Proxy Form are completed, signed, and dated accordingly.
- (xiii) Last date and time for lodging the Proxy Form is **Saturday, 18 May 2024 at 10.00 a.m.**
- (xiv) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (xi)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is nortarially certified and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (xv) For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (xi)(a) above. The certificate of appointment should be executed in the following manner:
  - (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - 1. at least two (2) authorised officers, of whom one shall be a director; or
    - 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



**HEXTAR GLOBAL BERHAD**  
Registration No. 199001014551 (206220-U)  
(Incorporated in Malaysia)

**ADMINISTRATIVE DETAILS**  
**33<sup>RD</sup> ANNUAL GENERAL MEETING**

**Date** : **Monday, 20 May 2024**  
**Time** : **10.00 a.m.**  
**Broadcast Venue** : **Hextar Global Berhad's Corporate Office Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas 41200 Klang, Selangor Darul Ehsan, Malaysia**  
**Meeting Platform** : **TIIH Online website at <https://tiih.online>**

**MODE OF MEETING**

The Company's 33<sup>rd</sup> AGM will be conducted virtually through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which is available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiih.online> in accordance with the revised "Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission Malaysia ("SC Guidance"). In view thereof, the Company continues to leverage technology to ensure the 33<sup>rd</sup> AGM supports meaningful engagement between the Board, Management and Shareholders.

The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting together with the essential individuals in accordance with the SC Guidance. As such, no members or proxies or corporate representatives or attorneys will be physically present at the broadcast venue.

**REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES**

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>.

Members who appoint proxies to participate in the AGM via RPV facilities must ensure that the duly executed Proxy Forms are deposited in hard copy to the Share Registrar's Office or electronically to Tricor, no later than **Saturday, 18 May 2024 at 10.00 a.m.**

Corporate representatives of corporate members must deposit their **original or duly certified certificate** of appointment of corporate representative with the Share Registrar's Office no later than **Saturday, 18 May 2024 at 10.00 a.m.** to participate in the AGM via RPV facilities.

Attorneys appointed by power of attorney are required to deposit their power of attorney with the Share Registrar's Office no later than **Saturday, 18 May 2024 at 10.00 a.m.** to participate in the AGM via RPV facilities.

**A member who has appointed a proxy or attorney or authorised representative to participate in this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.**

As the AGM of Hextar Global Berhad is a virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.
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## PROCEDURES FOR RPV FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
<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 AGM remotely	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. 18 April 2024 until the day of AGM, Monday, 20 May 2024.</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 33<sup>RD</sup> 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>10 May 2024</b>, the system will send you an <b>e-mail after 18 May 2024 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 (20 MAY 2024)</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 AGM at any time from <b>9.00 a.m.</b> i.e. 1 hour before the commencement of the AGM on <b>Monday, 20 May 2024 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 33<sup>RD</sup> AGM”</b> to engage in the proceedings of the 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 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, 20 May 2024</b> until a time when the Chairman announces the completion of the voting session of the AGM.</li> <li>Select the corporate event: <b>(REMOTE VOTING) HEXSTAR 33<sup>RD</sup> 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 AGM, the live streaming will end.</li> </ul>

### Note to users of the RPV facilities:

- Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](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 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, 18 May 2024 at 10.00 a.m.** The Board will endeavour to answer the questions received at the AGM.

## **ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")**

Only a depositor whose name appears on the ROD as at **10 May 2024** shall be entitled to attend, speak and vote at the AGM or appoint proxies/corporate representatives/attorneys to attend and/or vote on his/her behalf.

## **APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS**

The AGM will be conducted virtually, if you are unable to attend the meeting via RPV on 20 May 2024, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

Accordingly, Proxy Form and/or document relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 18 May 2024 at 10.00 a.m.:**

(i) In Hard Copy:

By hand or post to the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

(ii) By Electronic Form:

All members can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
<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>
(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 33<sup>RD</sup> 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>

Procedure	Action
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## **ii. Steps for Corporation or Institutional Members (Cont'd)**

- |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (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 33<sup>RD</sup> 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> |
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## **POLL VOTING**

The Voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Members can proceed to vote on the resolutions at any time from the commencement of the AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to the note above, **"Procedures for RPV Facilities"** for guidance on how to vote remotely from **TIIH Online** website at <https://tiih.online>.

Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman to declare whether the resolutions are duly passed.

## **ANNUAL REPORT 2023 & CIRCULAR TO SHAREHOLDERS**

The Company's Annual Report 2023 and Circular to Shareholders are available at the Company's website at <http://hextarglobal.com>.

Should you require a printed copy of the Annual Report and/or Circular to Shareholders, please request at our Share Registrar's website at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the number/e-mail addresses given below. We will send it to you by ordinary post as soon as possible upon receipt of your request.

Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

## **NO DOOR GIFT/FOOD VOUCHER**

There will be **no distribution** of door gifts or food vouchers for the AGM since the meeting is being conducted on a virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

## **RECORDING OR PHOTOGRAPHY**

Strictly **NO** unauthorised recording or photography of the proceedings of the AGM is allowed.

## **ENQUIRY**

If you have any enquiries on the above, please contact the following persons during office hours, Monday to Friday, from 9.00 a.m. to 5.30 p.m. (except public holidays):

### **Share Registrar – Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line	: +603-2783 9299
Fax Number	: +603-2783 9222
Email	: <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>





[www.hextarglobal.com](http://www.hextarglobal.com)



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