

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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Bursa Securities has not perused the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and the Proposed Renewal of Authority for Share Buy Back, except in respect of the new shareholders' mandate for the additional Recurrent Related Party Transactions on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular.



HEXTAR GLOBAL BERHAD

Registration No: 199001014551 (206220-U)
(Incorporated in Malaysia)

PART A

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

PART B

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY BACK

The resolutions in respect of the above proposals will be tabled at the Company's Thirtieth Annual General Meeting ("30th AGM"). The Notice of the 30th AGM together with the Proxy Form are enclosed together with the Annual Report 2020 of the Company. Details of the Company's AGM which to be held entirely through live streaming from the broadcast venue at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, Malaysia. ("Broadcast Venue") are set out below:

| | |
|---|---------------------------------------|
| Date and time of the AGM | : Monday, 31 May 2021 at 10.00 a.m. |
| Last date and time for lodging the Proxy Form | : Saturday, 29 May 2021 at 10.00 a.m. |

If you decide to appoint proxy(ies) to attend, participate, speak and vote on your behalf at the 30th AGM are requested to complete, sign and return the original Proxy Form in accordance with the instructions contained therein as soon as possible and in the event so as to arrive at the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or by electronic lodgement via **TIIH Online** at <https://tiih.online> on or before the time and the date indicated above should you be unable to attend the meeting. The lodging of the Proxy Form will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

This Circular is dated 30 April 2021

DEFINITIONS

In this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

| | |
|---------------------------|---|
| “Act” | : The Companies Act, 2016 and any amendments made thereto from time to time |
| “AGM” | : Annual General Meeting of the Company |
| “Board” | : The Board of Directors of Hextar Global Berhad |
| “BSSB” | : Binapuri Sakti Sdn Bhd, a company where DELTA has beneficial interest by way of trust deed |
| “Bursa Securities” | : Bursa Malaysia Securities Berhad |
| “Code” | : The Malaysian Code on Take-Overs and Mergers, 2010 (revised) and any amendments made thereto from time to time |
| “Dato’ Eddie Ong” | : Dato’ Eddie Ong Choo Meng |
| “Director” | : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of Hextar, its subsidiary or holding company or a chief executive of Hextar, its subsidiary or holding company |
| “David Yaory” | : Person Connected and Major Shareholder of DELTA and DGW. HHSB and Persons Connected with HHSB and Hextar do not have any interest in DELTA and DGW. He is deemed as a Person Connected with Dato’ Eddie Ong by virtue of his business partnership with Dato’ Eddie Ong pursuant to Section 197 (1) (d) of the Act |
| “DELTA” | : PT Delta Giri Wacana, a company owned by David Yaory |
| “DGW” | : PT Dharma Guna Wibawa, a company owned by David Yaory |
| “EPS” | : Earnings per shares |
| “Hextar” or “Company” | : Hextar Global Berhad |
| “Hextar Group” or “Group” | : Hextar and its subsidiaries, collectively |
| “Listing Requirements” | : Main Market Listing Requirements of Bursa Securities and any amendments made or to be made from time to time |
| “HAMSB” | : Hextar Asset Management Sdn Bhd, a wholly-owned subsidiary of HHSB |
| “HBBSB” | : Hextar Biogas BEE Sdn Bhd (formerly known as Biogas Engineering (BEE) Sdn Bhd, a 55% owned subsidiary of Hextar, 21% owned by Lian Dazhi, 15% owned by Luo Deming, 7% owned by Lim Swee Sang and the remaining of 2% owned by Lim Eng Bee (all individuals are unrelated third parties to HGB Group) |
| “HCGSB” | : Hextar Chemicals Group Sdn Bhd, a wholly-owned subsidiary of HCL |

| | | |
|---------------------|---|--|
| “HCL” | : | Hextar Chemicals Limited, a wholly-owned subsidiary of Hextar |
| “HCSB” | : | Hextar Chemicals Sdn Bhd, a wholly-owned subsidiary of HCGSB which is wholly-owned by HCL, a wholly-owned subsidiary of Hextar |
| “HHSB” | : | Hextar Holdings Sdn Bhd, the ultimate holding company of Hextar (62.60%) |
| “HICSB” | : | Hextar Industrial Chemicals Sdn Bhd, a wholly-owned subsidiary of HHSB |
| “HKCSSB” | : | Hextar KCS Sdn Bhd, a 65% owned subsidiary of HHSB and the remaining of 35% is owned by KCS Chemicals Solution Sdn Bhd (an entity that is not related to HGB Group) |
| “HMSB” | : | Hextar Mitai Sdn Bhd, a 70% owned subsidiary of HHSB and the remaining of 30% is owned by Ke Tung Chen (an unrelated third party to HGB Group) |
| “HOGSB” | : | Hextar Oil & Gas Sdn Bhd, a wholly-owned subsidiary of HHSB |
| “HRDISB” | : | Hextar R&D International Sdn Bhd, a wholly-owned subsidiary of HCGSB which in turn is a wholly-owned subsidiary of HCL |
| “HSSB” | : | Hextar Solution Sdn Bhd, a wholly-owned subsidiary of HHSB |
| “HUSB” | : | Hextar Unitop Sdn Bhd, a 50%-owned joint venture of HCGSB which in turn is a wholly-owned subsidiary of HCL |
| “HXMSB” | : | Halex Marketing Sdn Bhd, a wholly-owned subsidiary of Halex (M) Sdn Bhd which is wholly owned by Hextar |
| “LPD” | : | 15 April 2021, being the latest practicable date for ascertaining certain information contained in this Circular |
| “Major Shareholder” | : | <p>A person who has an interest or interests in one (1) or more voting shares in the company and the number or aggregate number of those shares, is:-</p> <p>(a) 10% or more of the total number of voting shares in the company; or (b) 5% or more of the total number of voting shares in the company where such person is the largest shareholder of the company.</p> <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company.</p> |
| “NA” | : | Net assets |

| | |
|---|--|
| “Person Connected” | <p>: In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:</p> <ul style="list-style-type: none"> (a) a family member of the Director or Major Shareholder; (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary; (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder; (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation. |
| “Proposed Renewal” | <p>: The proposed renewal of authority for the Company to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company</p> |
| “Proposed Renewal of Shareholders’ Mandate” | <p>: Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the Group as set out in Section 2.3.3 (a) of this Circular</p> |
| “Proposed New Shareholders’ Mandate” | <p>: Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the Group as set out in Section 2.3.3 (b) of this Circular</p> |
| “Proposed Shareholders’ Mandate” | <p>: Collectively, the Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate, approvals of which are being sought from the shareholders at the forthcoming AGM</p> |
| “Recurrent Related Party Transactions” or “RRPTs” | <p>: Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group and are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders</p> |
| “Related Party(ies)” | <p>: A Director, Major Shareholder of the Hextar Group or Person Connected with such Director or Major Shareholder</p> |

| | |
|-------------------------|--|
| “RM or Sen” | : Ringgit Malaysia and sen respectively |
| “Shareholder’s Mandate” | : Shareholders’ mandate for the Recurrent Related Party Transactions |
| “Treasury Shares” | : The Purchase Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 76A of the Act |
| “VSB” | : Vitallium Sdn Bhd, a company where DELTA has beneficial interest by way of trust deed |

All references to “you” in this Circular are referred to the Company’s shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies or corporations, unless otherwise specified.

Any enactment referred to in this Circular is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

All references to dates and time in this Circular are references to dates and time in Malaysia, unless otherwise stated.

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PART A – CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED
RENEWAL OF SHAREHOLDERS' MANDATE AND NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



HEXTAR GLOBAL BERHAD

Registration No: 199001014551 (206220-U)
(Incorporated in Malaysia)

Registered Office:

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur

30 April 2021

Directors:

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

To: The Shareholders of Hextar Global Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Twenty-Ninth ("29th") AGM of the Company held on 24 August 2020, the Company had obtained a mandate from its shareholders to enter into RRPTs with the Related Parties. The Existing Shareholders' Mandate will expire at the conclusion of the forthcoming 30th AGM scheduled to be held on 31 May 2021.

The Company has on 31 March 2021 announced its intention to seek shareholders' approval for the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant details of the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution in relation thereto to be tabled at the forthcoming AGM.

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2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Shareholders' Mandate

In compliance with Paragraph 10.09 of the Listing Requirements, Hextar proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate which will enable the Hextar Group to enter into the Recurrent Related Party Transactions as set out in Section 2.3.3 below.

The Proposed Shareholders' Mandate will, if approved by shareholders at the forthcoming AGM, be subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the AGM, the authority 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 of the Company in general meeting,

whichever is earlier.

The Proposed Shareholders' Mandate shall apply in respect of all Recurrent Related Party Transactions to be entered into from the date of the forthcoming AGM to the next AGM. Thereafter, approval from shareholders for a renewal of Shareholders' Mandate will be sought at each subsequent AGM of Hextar.

In making the disclosure of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the existing Shareholders' Mandate, Hextar will provide a breakdown of the aggregate value of the Recurrent Related Party Transactions to be made from 24 August 2020 to the 30th AGM to be convened in 2021 in Section 2.3.3 if this Circular based on the following information:-

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Group.

Shareholders are advised to refer to pages 4 – 11 of this Circular for further details.

2.2 Details of the Proposed Shareholders' Mandate

Hextar is proposing to seek its shareholders' approval for the Proposed Shareholders' Mandate to enable the Group to continue entering into the Recurrent Related Party Transactions with the Related Parties.

The Company is principally an investment holding company whilst the principal activities of its subsidiaries are as follows:-

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| Hexstar's Subsidiaries | Effective Ownership Interest | Principal activities |
|--|-------------------------------------|--|
| Halex Woolton (M) Sdn Bhd | 100% | Manufacturing and distributions of disposable healthcare products |
| Halex Link Sdn Bhd | 100% | Buying, selling, renting and operating of self-owned or leased real estate non-residential buildings |
| Halex Management Sdn Bhd | 100% | Provision of management services |
| Halex (M) Sdn Bhd | 100% | Marketing, distributions and agency of agrochemicals |
| Hexstar IOT Sdn Bhd | 100% | Marketing, distribution and supply consultancy and management services |
| HCL | 100% | Investment holding |
| HBBSB (formerly known as Biogas Engineering BEE Sdn Bhd) | 55% | (i) Providing services related to integrated process and system using biological green technology (ii) Providing consultancy, research and development, design, manufacturing and commissioning and testing, maintenance and service to produce methane gas or organic fertilizer (iii) Investment holding |
| Held through Halex (M) Sdn Bhd: | | |
| Halex Industries (M) Sdn Bhd | 100% | Formulations and distributions of agricultural chemicals, fertilisers and compounds |
| Halex Biotechnologies Sdn Bhd | 100% | Horticulture and agro-biotechnology |
| Halex Marketing Sdn Bhd | 100% | Trading of disposal healthcare products |
| Halex Realty Sdn Bhd | 100% | Investment in landed property |
| Halex Chemicals (S) Pte Ltd | 100% | Trading of fertilizers and agriculture chemicals |
| Pengedaran Beras Lestari Sdn Bhd | 100% | Wholesale of rice, other grains, flour and sugars |
| Held through HCL: | | |
| HCGSB | 100% | Investment holding |
| Held through HCGSB: | | |
| HCSB | 100% | Production and trading of pesticides/ agrochemicals |
| HRDISB | 100% | R&D activities and the provision of laboratory services in relation to agrochemicals |
| HUSB | 50% | Production and trading of special chemicals |
| Held through HBBSB: | | |
| Biogas Environmental Engineering Sdn Bhd | 100% | Business of biological technology to process the waste from palm oil processing mill or other industries to produce methane (biogas) or organic fertiliser |

2.3 Class and Nature of Recurrent Related Party Transactions

The Proposed Shareholders' Mandate will apply to transactions with Related Parties comprising Directors, Major Shareholders and/or persons connected with such Directors and/or Major Shareholders of the Hextar Group and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of the Hextar Group.

The Related Parties are as described below:

2.3.1 Classes of Related Parties

Directors and/or Major Shareholders and Persons Connected to Them:-

| Related Parties | Nature of Relationships |
|-------------------|---|
| Dato' Ong Soon Ho | <ul style="list-style-type: none"> • Non-Independent Non-Executive Vice-Chairman of Hextar. • Director and Major Shareholder of HHSB, the holding company of Hextar (62.60%). • A Major Shareholder of Hextar via his Substantial Shareholding and directorship in HHSB. • Spouse of Datin Teoh who is a substantial shareholder of HHSB. • Father of Dato' Eddie Ong, the Executive Director of Hextar. |
| Dato' Eddie Ong | <ul style="list-style-type: none"> • Non-Independent Executive Director and Shareholder of Hextar. • Group Managing Director/Group Chief Executive Officer of the HHSB Group of Companies. • A Major Shareholder of Hextar via his substantial shareholding and directorship in HHSB. • Son of Dato' Ong Soon Ho and Datin Teoh. |
| Datin Teoh | <ul style="list-style-type: none"> • Datin Teoh Siew Yoke @ Teoh Siew Chin is the spouse of Dato' Ong Soon Ho and the mother of Dato' Eddie Ong. She is a Major Shareholder of HHSB. |
| HHSB | <ul style="list-style-type: none"> • Major Shareholder of Hextar via its direct interest of (62.60%). |
| Lee Chooi Keng | <ul style="list-style-type: none"> • Director and Shareholder of Hextar • Director of Halex (M) Sdn Bhd, Halex Link Sdn Bhd, Halex Management Sdn Bhd, Halex Woolton (M) Sdn Bhd, Hextar IOT Sdn Bhd, Halex Biotechnologies Sdn Bhd, Halex Industries (M) Sdn Bhd, HXMSB, Halex Realty Sdn Bhd, HCGSB, HRDISB, HUSB, HKCSSB, HBBSB and Biogas Environmental Engineering Sdn Bhd. |
| Teh Li King | <ul style="list-style-type: none"> • Director of Halex Woolton (M) Sdn Bhd, Halex Link Sdn Bhd, Halex Management Sdn Bhd, Hextar IOT Sdn Bhd, Halex Industries (M) Sdn Bhd, Halex Biotechnologies Sdn Bhd, Halex Realty Sdn Bhd, Halex Chemicals (S) Pte Ltd, HCGSB, HCSB, HRDISB, HUSB, HXMSB, HFSB, HICSB, HOGSB, HKCSSB, HBBSB and Biogas Environmental Engineering Sdn Bhd. • He is also deemed as a Person Connected with Dato' Eddie Ong as he is the Group Chief Corporate Officer of HHSB Group of Companies. • A shareholder of Hextar. |

| Related Parties | Nature of Relationships |
|-----------------|--|
| David Yaory | <ul style="list-style-type: none"> Person Connected and Major Shareholder of DELTA and DGW. Hextar and Persons Connected with HHSB and Hextar do not have any interest in DELTA and DGW. He is deemed as a Person Connected with Dato' Eddie Ong by virtue of his business partnership in foreign business entities that is not involved in the business of HGB Group with Dato' Eddie Ong pursuant to Section 197 (1) (d) of the Act. |

2.3.2 Interest of Directors, Major Shareholders and Persons Connected to Them

The direct and indirect interests of the interested Directors, Major Shareholders and persons connected with Directors and Major Shareholders in Hextar as at 15 April 2021 are as follows:-

| Interested Directors:- | | | | |
|------------------------|-----------------|------|-------------------|-------|
| Name | Direct Interest | % | Indirect Interest | % |
| Dato' Ong Soon Ho | Nil | Nil | 513,758,264* | 62.60 |
| Dato' Eddie Ong | 31,238,500 | 3.81 | 513,758,264* | 62.60 |
| Madam Lee Chooi Keng | 1,180,000 | 0.14 | Nil | Nil |

Note:

* Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

| Interested Major Shareholders and persons connected to Directors and/or Major Shareholders:- | | | | |
|--|-----------------|-------|-------------------|-------|
| Name | Direct Interest | % | Indirect Interest | % |
| HHSB | 513,758,264 | 62.60 | - | - |
| Dato' Ong Soon Ho | - | - | 513,758,264* | 62.60 |
| Datin Teoh | - | - | 513,758,264* | 62.60 |
| Dato' Eddie Ong | 31,238,500 | 3.81 | 513,758,264* | 62.60 |
| David Yaory | - | - | - | - |
| Teh Li King | 630,000 | 0.08 | - | - |

Note:

* Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

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2.3.3 Nature of Recurrent Related Party Transactions

The nature of transactions which will be entered into from the date of the forthcoming AGM until the next AGM, for which shareholders' mandate is being sought comprises the following:-

(a) Proposed Renewal of Shareholders' Mandate

| No. | Nature of Recurrent Related Party Transaction | Related Parties | Interested Directors, Major Shareholder and Person Connected | *Estimated value as disclosed in existing mandate (RM'000) | Actual Value transacted from date of existing mandate up to the LPD (RM'000) | Estimated value from forthcoming 30 th AGM to the next 31 st AGM (RM'000) |
|-----|---|---------------------------------------|--|---|---|--|
| 1. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - HFSB (Buyer) | <ul style="list-style-type: none"> - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teoh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong | 1,000 | 278 | 1,000 |
| 2. | Purchase of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Buyer) - HICSB (Seller) | | 1,000 | 344 | 1,000 |
| 3. | Renting of warehouse at Lot 3A, Jalan Perigi Nenas 7/2, Kawasan Perindustrian Pulau Indah, Fasa 1, 42920, Pelabuhan Klang, Selangor Darul Ehsan with a monthly rental of RM64,500 | - HCSB (Tenant) - HICSB (Landlord) | | 1,000 | 452 | 1,000 |
| 4. | Provision of facilities asset and management services including business consultation and support & cash management system | - HAMS B (Seller) - HCSB (Buyer) | | 6,000 | 1,260 | 6,000 |

| No. | Nature of Recurrent Related Party Transaction | Related Parties | Interested Directors, Major Shareholder and Person Connected | *Estimated value as disclosed in existing mandate (RM'000) | Actual Value transacted from date of existing mandate up to the LPD (RM'000) | Estimated value from forthcoming 30 th AGM to the next 31 st AGM (RM'000) |
|-----|---|--|--|---|---|--|
| 5. | Provision of facilities asset and management services including business consultation and support & cash management system | - HAMS B (Seller) - HRDIS B (Buyer) | - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teoh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong | 2,000 | 105 | 2,000 |
| 6. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - HKCSSB (Buyer) | | 5,000 | 2 | 5,000 |
| 7. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - HOGSB (Buyer) | | 30,000 | 3,512 | 30,000 |
| 8. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - VSB (Buyer) | | 30,000 | 11,419 | 30,000 |
| 9. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - BSSB (Buyer) | | 10,000 | 986 | 10,000 |

| No. | Nature of Recurrent Related Party Transaction | Related Parties | Interested Directors, Major Shareholder and Person Connected | *Estimated value as disclosed in existing mandate (RM'000) | Actual Value transacted from date of existing mandate up to the LPD (RM'000) | Estimated value from forthcoming 30 th AGM to the next 31 st AGM (RM'000) |
|-----|---|-------------------------------------|---|---|---|--|
| 10. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - DGW (Buyer) | <ul style="list-style-type: none"> - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong - David Yaory, Person Connected with Dato' Eddie Ong | 60,000 | 33,527 | 60,000 |
| 11. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - DELTA (Buyer) | | 60,000 | 32,245 | 60,000 |
| 12. | Provision of specialist service for product testing, research development and product formulation registration | - HRDISB (Seller) - VSB (Buyer) | | 2,000 | - | 2,000 |
| 13. | Provision of specialist service for product testing, research development and product formulation registration | - HRDISB (Seller) - BSSB (Buyer) | | 2,000 | - | 2,000 |
| 14. | Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HCSB (Seller) - HSSB (Buyer) | | 5,000 | - | 5,000 |

| No. | Nature of Recurrent Related Party Transaction | Related Parties | Interested Directors, Major Shareholder and Person Connected | *Estimated value as disclosed in existing mandate (RM'000) | Actual Value transacted from date of existing mandate up to the LPD (RM'000) | Estimated value from forthcoming 30 th AGM to the next 31 st AGM (RM'000) |
|-----|--|--------------------------------------|---|---|---|--|
| 15. | Purchase of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products | - HFSB (Seller) - HCSB (Buyer) | - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong | 1,000 | 136 | 1,000 |
| 16. | Sales of healthcare disposable products such as tissue, wet tissue, cotton, masks and sanitiser | - HXMSB (Seller) - HKCSSB (Buyer) | | 5,000 | - | 5,000 |

Note:

None of the Actual Value of the Recurrent Related Party Transactions under the Existing Mandate has exceeded the Estimated Value by 10% or more.

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Amount Due and Owing by Related Parties

As at the financial year ended 31 December 2020, the amount due and owing to the Group by its related party under the Recurrent Related Party Transactions which exceeded the credit terms are as follow:-

| No. | Related Party | 6 months or less (RM'000) | 1 year or less (RM'000) | More than 1 to 3 years (RM'000) | More than 3 to 5 years (RM'000) | More than 5 years (RM'000) |
|-----|-----------------|------------------------------|----------------------------|------------------------------------|------------------------------------|-------------------------------|
| 1 | Due from HKCSSB | 35 | 1 | - | - | - |
| 2 | Due from HOGSB | 2,869 | - | - | - | - |
| 3 | Due from VSB | 4,063 | - | - | - | - |
| 4 | Due from DGW | 955 | - | - | - | - |
| 5 | Due from DELTA | 18 | - | - | - | - |

The total amount recovered from the total outstanding amount owing from related parties which exceeded the credit terms of RM7.941 million as at 31 December 2020 up to LPD was RM6.815 million.

There were no late payment charges imposed by the Group on the above outstanding balances as it was trade in nature. The management is constantly monitoring and following up with the debtors on the outstanding amount.

The Board of Directors is of the opinion that there will be no recoverability issue as the related parties has proven to be credit-worthy debtors.

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(b) Proposed New Shareholders' Mandate

| No. | Nature of Recurrent Related Party Transaction | Related Parties | Interested Directors, Major Shareholder and Person Connected | *Estimated value as disclosed in existing mandate (RM'000) | Actual Value transacted from date of existing mandate up to the LPD (RM'000) | Estimated value from forthcoming 30 th AGM to the next 31 st AGM (RM'000) |
|-----|--|--|--|---|---|--|
| 1. | Provision of service for supply and installation of civil foundation, piping system and tanks installation | <ul style="list-style-type: none"> - HMSB (Seller) - HBBSB (Buyer) | <ul style="list-style-type: none"> - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teoh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong | - | - | 8,000 |
| 2. | 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 | <ul style="list-style-type: none"> - HCSB (Seller) - HICSB (Buyer) | <ul style="list-style-type: none"> - Dato' Ong Soon Ho - Dato' Eddie Ong - Datin Teoh - HHSB - Teh Li King, Person Connected with Dato' Eddie Ong | - | - | 1,000 |

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3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE TO THE HEXTAR GROUP

3.1 Rationale

The Proposed Shareholders' Mandate will enable the Hextar Group to enter into Recurrent Related Party Transactions that are in the ordinary course of business, revenue or trading in nature and necessary for the Hextar Group's day-to-day operations ("these transactions" or "RRPTs"). These RRPTs are likely to occur with some degree of frequency and arise at any time and from time to time and may be constrained by the time-sensitive nature. It may also be impracticable to seek shareholders' approval on a case by case basis before entering into such Recurrent Related Party Transactions. The obtaining of the Proposed Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential Recurrent Related Party Transactions arise; thereby reducing substantially administrative time and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Hextar Group or adversely affecting the business opportunities available to the Group. The Board is, therefore seeking a mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions described in Section 2.3.3 above with the class of Related Parties specified in Section 2.3.1 above to allow the Hextar Group to enter into such Recurrent Related Party Transactions made on arm's length basis and on normal commercial terms that are not more favourable to the related party than those generally available to the public and which are not prejudicial to the interests of the minority shareholders.

3.2 Benefits

The goods and services provided by the Related Parties are price competitive and all transactions between the Hextar Group and the Related Parties are carried out on an arm's length and commercial basis. Although the Hextar Group also sources similar products and services from third parties, the Hextar Group would like to seek approval for the RRPTs described in Section 2.3.3 as the close co-operation between the Hextar Group and the Related Parties will have mutual benefits and are expected to contribute to operation efficiency of the business of the Hextar Group.

4. REVIEW METHODS OR PROCEDURES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

4.1 Review Methods or Procedures

To ensure that all Recurrent Related Party Transactions are undertaken on an arm's length basis and on the Group's normal commercial terms consistent with the Group's usual business arrangements, practices and policies and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to minority shareholders, the Management will ensure that:-

- (i) the transactions with the Related Parties will only be entered into after taking into account the pricing, level of service, quality of product and other related factors, which are generally on terms not more favourable to the Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders;

- (ii) the pricing, level of service and quality of products shall be at the prevailing market rates/prices of the service or product including where appropriate preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase) and on the service or product provider's usual commercial terms, and otherwise in accordance with applicable industry norm;
- (iii) the terms and conditions on purchases and sales are determined by market force, under similar commercial terms for transaction with third parties which depend on the demand and supply of the products and subject to the availability of the products in the market;
- (iv) the cost plus method will be used where appropriate in the determination of fair price or contract rates. This method determines the arm's length price or rate by adding an appropriate mark-up to the cost of production;
- (v) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a propriety item), the transaction price will be determined by the Hextar Group based on similar costing method of pricing used for other products/services and/or quantities to ensure that the Recurrent Related Party Transaction is not detrimental to the Hextar Group; and
- (vi) the Internal Auditors of the Company will on half yearly basis review the adequacy of the procedures and processes of the Hextar Group to monitor, track and identify Recurrent Related Party Transactions.

The guidelines for the relevant approving authority practiced by the Hextar Group in relation to the Recurrent Related Party Transactions are as follows:-

- (i) Transactions below RM2,000,000 each in value, will be reviewed and approved by the senior executive(s) (not being a person connected to the Related Party) designated by the Audit Committee from time to time for such purpose and tabled for review by the Audit Committee on a quarterly basis; and
- (ii) Transactions equal to or exceeding RM2,000,000 each in value will be reviewed and approved by the Audit Committee and Executive Director (not being the Related Party or a person connected to Related Party).

4.2 Abstain from Voting

Further, where any Director has an interest (direct or indirect) in any Recurrent Related Party Transaction, such a Director shall abstain from voting on the RRPT concerned. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any RRPT relating to any decisions to be taken by the Audit Committee with respect to such RRPT.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed New and Renewal of Shareholders' Mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or

Major Shareholder, such Director or Major Shareholder, shall abstain from voting or deliberating or approving the resolutions in respect of the Recurrent Related Party Transactions.

An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting or deliberating or approving the resolutions in respect of the Recurrent Related Party Transactions. Interested Directors shall also abstain from deliberating or voting at board meetings in respect of the Recurrent Related Party Transactions in which they are interested.

4.3 Disclosure

In accordance with the Listing Requirements, disclosure will be made in the Annual Report 2020 of the breakdown of the aggregate value of the RRPTs conducted during the financial year pursuant to the mandate given by the shareholders based on the following information:-

- (a) type of transaction made; and
- (b) name of the related parties involved in each type of the RRPTs made and their relationships with the Company and/or any of its subsidiaries.

5. STATEMENT BY AUDIT COMMITTEE

The overall responsibility of determining whether the methods or procedures for reviewing all Recurrent Related Party Transactions are appropriate, rests with the Audit Committee. Review and ascertainment of whether the methods or procedures established to monitor Recurrent Related Party

Should the Audit Committee determine that the methods or procedures stated in Section 4.1 are inadequate to ensure that:-

- (i) the Recurrent Related Party Transactions will be conducted at arm's length and on normal commercial terms;
- (ii) such transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (iii) the Company will obtain a fresh Shareholders' Mandate based on the new methods or procedures.

The Audit Committee shall also have the discretion to request for the limits to be imposed or for the additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has reviewed the methods or procedures as specified in Section 4.1 and is of the opinion that they are sufficient to ensure that the Recurrent Related Party Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

In conclusion, the Hextar Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes on half yearly basis with the existence of the Internal Auditors.

6. CONDITION FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is subject to the approval to be obtained from the shareholders of the Company at the forthcoming AGM to be convened.

7. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate, if obtained at the forthcoming AGM, will not have any effect on the earnings per share, gearing and net assets per share at the Group level, issued and paid-up share capital, substantial shareholding and dividend rate of the Company.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interested Directors, namely Dato' Ong Soon Ho, Dato' Eddie Ong and Lee Chooi Keng have abstained and will continue to abstain from the board's deliberation and voting in respect of their direct and indirect shareholdings in Hextar on the ordinary resolution approving the Proposed Shareholders' Mandate.

The interested Major Shareholders and persons connected to them, namely HHSB, Dato' Ong Soon Ho, Datin Teoh, Dato' Eddie Ong and Teh Li King, have abstained and will continue to abstain from the deliberation and voting in respect of their direct and indirect shareholdings in Hextar on the ordinary resolution approving the Proposed Shareholders' Mandate.

The interested Directors and/or Major Shareholders, Dato' Ong Soon Ho, Datin Teoh, Dato' Eddie Ong, Lee Chooi Keng, Teh Li King and HHSB will abstain and undertake to ensure that the persons connected to them will also abstain from voting in respect of their direct and indirect shareholdings as are stated in Section 2.3.1 of this Circular to shareholders on the ordinary resolutions, deliberating or approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and persons connected to them have any interests, direct or indirect, in the Proposed Shareholders' Mandate.

9. DIRECTORS' RECOMMENDATION

The Board, with the exception of Dato' Ong Soon Ho, Dato' Eddie Ong and Lee Chooi Keng, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the shareholders of the Group.

The Board, with the exception of Dato' Ong Soon Ho, Dato' Eddie Ong and Lee Chooi Keng, who have abstained from making a recommendation on the Proposed Shareholders' Mandate, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

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10. AGM

The ordinary resolution in relation to the Proposed Shareholders' Mandate has been included in the Notice of the 30th AGM of the Company. The 30th AGM will be held entirely through live streaming from the Broadcast Venue at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, Malaysia ("Broadcast Venue") on Monday, 31 May 2021 at 10.00 a.m. for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which require the Chairman of the meeting to be present at the main venue of the meeting.

Members/proxies/corporate representatives **will not be allowed to attend the 30th AGM in person at the Broadcast Venue** on the day of the meeting. 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 via RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Share Registrar", "Tricor" or "TIH") via its **TIH Online** website at <https://tiah.online>. Please refer to the "Procedures for RPV" provided in the Administrative Details for the 30th AGM for further information on how to participate remotely via RPV.

If you decide to appoint proxy(ies) to attend, participate, speak and vote at the 30th AGM, the Proxy Form should be completed and deposited at our 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 its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time fixed for convening the 30th AGM.

The proxy appointment may also be lodged electronically via Tricor's **TIH Online** website at <https://tiah.online> **no later than 29 May 2021 at 10.00 a.m.** For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Details for the 30th AGM. The lodging of the Proxy Form will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I which forms an integral part of this Circular, for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
HEXTAR GLOBAL BERHAD

YEOH CHIN HOE
Chairman of the Audit Committee

APPENDIX I – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

The Board of Directors of the Company has confirmed that the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

Except as disclosed below, neither Hextar nor its subsidiaries have entered into any contracts (*not being contracts entered into in the ordinary course of business*) within the two (2) years immediately preceding the date of this Circular.

- On 24 August 2020, Hextar Global Berhad entered into Share Sale Agreement (“SSA”) with Lim Swee Sang and Lian Dazhi for the acquisition of a total of 1,155,000 ordinary shares, representing fifty-five percent (55%) equity interest in Hextar Biogas Bee Sdn Bhd (formerly known as Biogas Engineering (BEE) Sdn Bhd) for a total cash purchase consideration of RM7,750,000.
- On 8 March 2021, Hextar Global Berhad entered into SSA for a total purchase price of RM138,000,000 for:-
 - (i) acquisition of a total of 500,000 ordinary shares in Alpha Aim (M) Sdn Bhd (“AASB”), representing a hundred percent (100%) equity interest in AASB from Tan Seio Beng and Chan Kwei Lin; and
 - (ii) acquisition of a total of 1,050,014 ordinary shares in Chempro Technology (M) Sdn Bhd (“CTSB”), representing a hundred percent (100%) equity interest in CTSB from Tan Seio Beng, Cheok Viping and Wetacho (M) Sdn Bhd.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, during normal business hours from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) the Constitution of the Company; and
- (b) the audited financial statements of the Hextar Group for the past two (2) years; for the financial years ended 31 December 2019 and 31 December 2020 respectively.

PART B

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED
RENEWAL OF AUTHORITY FOR SHARE BUY BACK**



HEXTAR GLOBAL BERHAD
Registration No: 199001014551 (206220-U)
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY

1. INTRODUCTION

At the last AGM held on 24 August 2020, the Company had obtained a mandate from its shareholder to purchase up to 10% of the total issued and paid-up share capital of the Company. The said approval will lapse at the conclusion of the forthcoming 30th AGM of the Company unless a renewal of the mandate is obtained.

The Company had on 31 March 2021 announced its intention to seek shareholders' approval for the Proposed Renewal of Share Buy-Back Authority ("Proposed Renewal") at the forthcoming 30th AGM.

The purpose of this statement is to provide you with the details of the Proposed Renewal and to seek your approval for the ordinary resolution pertaining thereto which is set out in the 2020 Annual Report of the Company.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL.

2. PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

At the last AGM held on 24 August 2020, the Company had obtained shareholders' approval to purchase up to 10% of the total issued and paid-up share capital of the Company.

As at LPD, the Company does not have any Treasury Shares. The current issued and paid-up share capital of the Company is RM633,878,029 comprising 820,679,564 Shares.

The Company proposes to seek approval from its shareholders at the forthcoming AGM for the Proposed Renewal. The Proposed Renewal shall be effective upon the passing of the ordinary resolution to be tabled at the forthcoming 30th AGM of the Company and will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the ordinary resolution for the Proposed Renewal is passed, at which time it shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

3. RATIONALE

The Proposed Renewal, if carried out, will enable the Company to purchase its own shares when appropriate and at prices that are viewed as favourable by the Board. The Proposed Renewal is expected to benefit the Company and its shareholders as follows:-

- (i) The Proposed Renewal will allow the Company to utilise its financial resources not immediately required for use to purchase its own Shares from Bursa Securities. Depending on the funding cost for the purchase of its own Shares, the Proposed Renewal may strengthen the earnings per share of the Company's shares and if so, it is expected to benefit the shareholders of the Company;
- (ii) The Proposed Renewal is expected to reduce any unwarranted volatility of the Company's shares and assist to stabilize the supply, demand and price of the shares in the open market, thereby supporting the fundamental values of its shares;
- (iii) If the purchased shares are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves. The treasury shares may also be distributed as share dividends to shareholders as a reward to the shareholders of the Company;
- (iv) If the Board resolves to cancel the purchased shares, the earnings per share of the Group is expected to be enhanced as a result of the reduction in the issued and paid-up share capital of the Company, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL

4.1 Potential advantages

The potential advantages of the Proposed Renewal to the Company and its shareholders, if exercised, are as follows:-

- (i) allows the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (ii) allows the Company to take preventive measures against speculation, particularly when its shares are undervalued which would in turn stabilise the market price and hence, enhance investors' confidence.
- (iii) other advantages of the Proposed Renewal are also outlined in Section 3 on the "Rationale for the Proposed Renewal".

4.2 Potential disadvantages

The potential disadvantages of the Proposed Renewal to the Company and its shareholders are as follows:-

- (i) the Proposed Renewal will reduce the financial resources of the Group and may result in the Company foregoing other investment opportunities that may emerge in the future or, at the least, deprive the Company and the Group of interest income that can be derived from the funds utilised for the Proposed Renewal;
- (ii) the Proposed Renewal can only be made out of retained profits of the Company and may result in the reduction of financial resources available for distribution to shareholders in the immediate future. However, the financial resources of the Group may increase if the treasury shares held are resold at prices higher than their purchase prices; and

- (iii) in the event that the Proposed Renewal is funded by bank borrowings, the Company's net cash flow may decline to the extent of the interest cost associated with such borrowings.

Nevertheless, the Board is of the view that the Proposed Renewal is not expected to have any potential material disadvantage to the Group or its shareholders as any share buy-back exercise will be undertaken only after in-depth consideration of the financial resources of the Group and of the resultant impact on its shareholders.

The Directors in exercising any decision on the Proposed Renewal will be mindful of the interest of the Company and its shareholders.

5. FUNDING

The Proposed Renewal will be funded by internally generated funds of the Company and/or borrowings. The amount of borrowings will depend on the financial resources available at the time of purchase(s). In the event that the Proposed Renewal is to be financed by borrowings, the Company will ensure its capability of repaying such borrowings and that such repayment will not have a material effect on its cash flow.

The actual number of the Company's shares to be purchased and the timing of any purchase, together with the treatment of the shares purchased would depend, *inter alia*, on the prevailing market conditions, the availability of the Company's retained profits as well as its cash and funding position.

The maximum amount of funds to be allocated for the Proposed Renewal shall not exceed the retained profits of the Company. Based on the Company's audited financial statements for the financial period ended 31 December 2020, the Company's retained profits stands at RM24,628,654.

6. FINANCIAL EFFECTS TO THE PROPOSED SHARE BUY-BACK

6.1 Share Capital

The effect of the Proposed Renewal on the number of shares of the Company will depend on whether the shares purchased are cancelled or retained as Treasury Shares.

For illustrative purposes only, the effect of the Proposed Renewal based on the movement of the number of shares of the Company as at LPD and assuming the shares so purchased are cancelled, is illustrated below:-

| | <i>No. of Shares</i> |
|--|----------------------|
| Existing number of shares | 820,679,564 |
| Assuming shares purchased under the Proposed Renewal and cancelled | (82,067,956) |
| Resultant number of shares | 738,611,608 |

On the other hand, if the purchased shares are retained as Treasury Shares, resold or distributed to the Company's shareholders, the Proposed Renewal will have no effect on the number of shares of the Company nor will it have any effect on the issued and paid-up share capital of the Company.

While the purchased shares remain as Treasury Shares the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the 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, without limiting the generality of Section 127 of the Act, the provisions of any law or requirements of the Constitution of the Company or the Listing Requirements on substantial shareholding, takeovers, notices, the requisition of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

6.2 Earnings and EPS

The effects of the Proposed Renewal on the earnings and EPS of the Company will depend, *inter-alia*, on the number of purchased shares, the purchase price and the effective funding cost of the purchase. The reduced number of the Company's shares applicable in computing the EPS subsequent to the purchase will generally have a positive impact, all else being equal, on the EPS of the Company.

6.3 NA

The effect of the share buy-backs on the NA per share of the Company is dependent on the purchase price(s) of the shares bought, the number of shares purchased, the effective funding cost, if any and the subsequent treatment of the shares so purchased. The NA of the Company will reduce if the shares bought back are cancelled. The NA per share of the Company will reduce if the purchase price exceeds the NA per share and the NA per share of the Company will increase if the purchase price is less than the NA per share at the time of purchase. In the event the shares bought back and held as treasury shares are subsequently resold, the NA of the Company will increase or reduce depending on whether a gain or loss is realized upon the resale. The quantum of the increase or reduction in NA will depend on the actual disposal price, the number of shares purchased, the amount of retained treasury shares which are resold.

6.4 Working Capital

The purchase of shares, as and when carried out, will reduce the working capital of the Company, the quantum of which will depend on the purchase price(s) of the shares bought back, the number of shares purchased and the effective funding cost to the Company.

6.5 Dividends

The Proposed Renewal is not expected to have any impact on dividend payments. The declaration of dividends will be determined by the Board after taking into consideration the performance of the Company, the cash flow and capital commitments of the Company. The buy-back of shares may reduce the distributable reserves available for dividends. However, the Board may distribute future dividends in the form of shares which have been bought back and retained as treasury shares.

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6.6 Shareholdings

Based on the Register of Substantial Shareholder and the Register of Directors' Shareholdings respectively as at LPD and assuming that the Proposed Renewal is implemented up to the maximum of 10% of the issued and paid-up share capital and that the purchased shares are from shareholders other than the Directors and substantial shareholders of the Company, the effect of the Proposed Renewal on the shareholding of the Directors and substantial shareholders of the Company are set out below:-

i. Substantial shareholders' shareholdings

The effects of the Proposed Renewal on the substantial shareholders' shareholdings of the Company are set out below:-

| Name | Shareholdings as at the LPD | | | | After Proposed Renewal ^{*1} | | | |
|---------------------|-----------------------------|-------|---------------------------|-------|--------------------------------------|-------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| HHSB | 513,758,264 | 62.60 | - | - | 513,758,264 | 69.56 | - | - |
| Dato' Ong Soon Ho | - | - | 513,758,264 ^{*2} | 62.60 | - | - | 513,758,264 ^{*2} | 69.56 |
| Dato' Ong Choo Meng | 31,238,500 | 3.81 | 513,758,264 ^{*2} | 62.60 | 31,238,500 | 4.23 | 513,758,264 ^{*2} | 69.56 |

Notes:-

^{*1} Assuming up to 10% of the issued and paid-up share capital is purchased from shareholders other than the substantial shareholders of Hextar and all such shares purchased are cancelled.

^{*2} Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

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ii. Directors' shareholdings

The effects of the Proposed Renewal on the Directors' shareholdings of the Company are set out below:-

| Director | Shareholdings as at the LPD | | | | After Proposed Renewal ^{*1} | | | |
|---|-----------------------------|------|---------------------------|-------|--------------------------------------|------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Dato' Sri Dr. Erwan bin Dato' Hj Mohd Tahir | - | - | - | - | - | - | - | - |
| Dato' Ong Soon Ho | - | - | 513,758,264 ^{*2} | 62.60 | - | - | 513,758,264 ^{*2} | 69.56 |
| Dato' Ong Choo Meng | 31,238,500 | 3.81 | 513,758,264 ^{*2} | 62.60 | 31,238,500 | 4.23 | 513,758,264 ^{*2} | 69.56 |
| Yeoh Chin Hoe | - | - | - | - | - | - | - | - |
| Lee Chooi Keng | 1,180,000 | 0.14 | - | - | 1,180,000 | 0.16 | - | - |
| Liew Jee Min @ Chong Jee Min | - | - | - | - | - | - | - | - |

Notes:-

^{*1} Assuming up to 10% of the issued and paid-up share capital is purchased from shareholders other than the Directors of the Company and all such shares purchased are cancelled.

^{*2} Deemed interested by virtue of his interest in HHSB pursuant to Section 8 of the Act. HHSB is the holding company of Hextar.

7. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company is 33.33%. The public shareholding spread of the Company would be reduced to approximately 25.92% on the assumption that the Company implements the Proposed Renewal in full and the shares purchased are from open market.

In this regard, the Board undertakes to purchase shares only to the extent that the public shareholding spread of the Company shall not fall below 25% of the total issued and paid up share capital of the Company at all times pursuant to the Proposed Renewal, in accordance with Paragraph 12.14 of the Listing Requirements.

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8. IMPLICATIONS OF THE CODE

The Company does not intend to undertake the Proposed Renewal such that it will trigger any obligation on the substantial shareholders and/or persons acting in concert with them to undertake a mandatory general offer pursuant to the code.

However, in the event an obligation to undertake a mandatory general offer should arise with respect to any parties resulting from the Proposed Renewal, the relevant parties shall make the necessary application to the Securities Commission for a waiver from having to undertake a mandatory general offer pursuant to the Code.

9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders as a consequence of the Proposed Renewal as set out in Section 6.6 above, none of the Directors, substantial shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal or resale of the treasury shares (if any).

10. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES

Hextar had purchased 11,065,100 of Hextar Shares and resold 14,318,000 of Treasury Shares in the preceding twelve (12) months up to the LPD, details of which are set out below:-

| Date | Number of Hextar Shares Purchased/ (Resale) | Highest Price Paid (RM) | Lowest Price Paid (RM) | Average Price Paid (RM) | Total Amount Paid (RM) |
|------------|---|-------------------------|------------------------|-------------------------|------------------------|
| 01.04.2020 | 811,000 | 0.515 | 0.505 | 0.506 | 410,121.74 |
| 02.04.2020 | 458,700 | 0.500 | 0.495 | 0.500 | 229,551.68 |
| 03.04.2020 | 623,200 | 0.500 | 0.495 | 0.501 | 311,923.94 |
| 30.04.2020 | 1,360,000 | 0.505 | 0.490 | 0.498 | 677,119.80 |
| 06.08.2020 | (14,318,000) | 0.755 | 0.705 | 0.717 | 10,265,594.77 |

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11. SHARE PRICES

The monthly highest and lowest prices of the Company's shares as traded on Bursa Securities for the past twelve (12) months from April 2020 to March 2021 are as follows:

| | High RM | Low RM |
|-------------|------------|-----------|
| 2020 | | |
| April | 0.550 | 0.480 |
| May | 0.750 | 0.510 |
| June | 0.735 | 0.540 |
| July | 0.700 | 0.560 |
| August | 0.830 | 0.605 |
| September | 0.720 | 0.600 |
| October | 0.805 | 0.665 |
| November | 0.905 | 0.685 |
| December | 1.000 | 0.805 |
| 2021 | | |
| January | 0.940 | 0.815 |
| February | 1.300 | 0.870 |
| March | 1.420 | 1.110 |

(Source: *klse.i3investor.com*)

The last transacted price of Hextar Shares on 15 April 2021, being the LPD prior to the printing of this Statement was RM1.440.

12. APPROVALS REQUIRED

The Proposed Renewal is subject to the approval of the shareholders of the Company at the forthcoming 30th AGM to be convened. Saved for the approval of the shareholders of the Company, there are no other approvals required for the Proposed Renewal.

13. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal is of the opinion that the Proposed Renewal is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Renewal to be tabled at the forthcoming AGM.

14. FURTHER INFORMATION

The resolution pertaining to the Proposed Renewal is enclosed in the Notice of the 30th AGM of the Company.

15. APPENDIX

15.1 Directors' Responsibility Statement

This Statement has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

15.2 Documents for Inspection

The following documents are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours on Monday to Friday (except public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:-

- (i) The Constitution of the Company; and
- (ii) The audited financial statements of the Company for the past two (2) financial years ended 31 December 2019 and 31 December 2020.

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