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HEXTAR GLOBAL BERHAD

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (A) **PROPOSED ACQUISITION BY HEXTAR FRUITS SDN BHD, A FIFTY-ONE PERCENT (51%) OWNED SUBSIDIARY OF HEXTAR GLOBAL BERHAD ("HEXTAR" OR THE "COMPANY"), OF THE ENTIRE 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") RESPECTIVELY TOGETHER WITH FIFTY-FIVE PERCENT (55%) EQUITY INTEREST IN PHG EVER FRESH PLANTATION SDN BHD ("PEFP") FROM PHG EVER FRESH GROUP SDN BHD ("PEFG") FOR A TOTAL CONSIDERATION OF RM84,000,000 TO BE SATISFIED WHOLLY IN CASH ("PROPOSED ACQUISITIONS"); AND**
- (B) **PROPOSED DIVERSIFICATION OF HEXTAR'S EXISTING CORE BUSINESSES TO INCLUDE THE BUSINESS OF TRADING AND DISTRIBUTION OF DURIAN ("PROPOSED DIVERSIFICATION")**
- (COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Proposed Diversification



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company which is scheduled to be held virtually through live streaming and online participation and voting using Remote Participation and Voting ("**RPV**") facilities 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: DIA282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") on Thursday, 26 October 2023 at 10.00 a.m. or any adjournment thereof, together with the Form of Proxy, are enclosed in this Circular.

If you are unable to attend and vote at the EGM, you may complete the Form of Proxy and deposit it at the office of the Company's 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or by electronic lodgement via TIIH Online website at <https://tiih.online>, not later than forty-eight (48) hours before the time set for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending and voting at the meeting should you subsequently decide to do so. The Form of Proxy can also be submitted electronically via TIIH Online at <https://tiih.online>. For further information on the electronic submission of Form of Proxy, kindly refer to the Administration Details for EGM.

Last date and time for lodging the Form of Proxy : Tuesday, 24 October 2023 at 10.00 a.m.
Date and time of the EGM : Thursday, 26 October 2023 at 10.00 a.m.

This Circular is dated 11 October 2023

DEFINITIONS

Except where the context otherwise requires, the following definition shall apply throughout this Circular:

"Act"	:	Companies Act 2016 and includes any amendments thereto from time to time
"Board"	:	Board of Directors of Hextar
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Reg. No: 200301033577 (635998-W)]
"Circular"	:	This circular to shareholders of Hextar dated 11 October 2023
"Completion Date"	:	The date upon the Second Payment is made to effect the transfer of shares or such other date to be mutually agreed between the parties in writing
"Condition(s) For Completion"	:	Condition(s) for completion for the Proposed Acquisitions as set out under Appendix II, Section (b) of this Circular
"COVID-19"	:	Coronavirus Disease 2019
"Deposit"	:	Ringgit Malaysia eight million four hundred thousand only (RM8,400,000) being the refundable deposit for the Purchase Price
"Director(s)"	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, within the meaning of Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was a director within the preceding six (6) months of the date of the Proposed Acquisitions
"Durian Business"	:	Trading and distribution of durian
"EBITDA"	:	Earnings before interest, tax, depreciation, and amortisation
"Eco Asia" or "Independent Valuer"	:	Eco Asia Capital Advisory Sdn Bhd [Registration No: 201801022562 (1284581-H)] being the independent expert opining on the fairness of the Purchase Price for the Proposed Acquisitions
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share
"EV"	:	Enterprise value
"EV/EBITDA"	:	EV divided by EBITDA
"Existing Businesses"	:	Collectively, the following: <ul style="list-style-type: none">(i) manufacturing, distribution and agency of agrochemicals, research and development activities;(ii) manufacturing and distribution of specialty chemicals; and(iii) investment in shares and properties held for capital gain
"FPE"	:	Financial period ended/ending 31 March, as the case may be
"FYE"	:	Financial year ended/ending 31 December, as the case may be

DEFINITIONS (Cont'd)

"Hextar" "Company"	or	:	Hextar Global Berhad [Registration No. 199001014551 (206220-U)]
"Hextar Group" "Group"	or	:	Hextar and its subsidiaries
"HFSB" or "Purchaser"	the	:	Hextar Fruits Sdn Bhd [Registration No: 202301020896 (1514818-W)], a 51% owned subsidiary of Hextar and the remaining 49% owned by PHG Sun Hill Sdn Bhd [Registration No. 202301020635 (1514557-X)] (an entity that is not related to Hextar)
"LAT"		:	Loss after taxation
"LBT"		:	Loss before taxation
"Listing Requirements"		:	Main Market Listing Requirements of Bursa Securities
"LPD"		:	30 September 2023, being the latest practicable date prior to the date of this Circular
"M&A Securities" or "Principal Adviser"		:	M&A Securities Sdn Bhd [Reg. No: 197301001503 (15017-H)]
"MFRS"		:	Malaysian Financial Reporting Standards
"MPERS"		:	Malaysian Private Entities Reporting Standard
"NA"		:	Net assets
"PAT"		:	Profit after taxation
"PBT"		:	Profit before taxation
"PE"		:	Price to earnings
"PEFFM"		:	PHG.Ever Fresh Food (M) Sdn Bhd [Registration No. 201401021503 (1097589-V)]
"PEFFM Share(s)"	Sale	:	2,500,000 Shares in PEFFM representing 100% equity interest in PEFFM
"PEFFTK"		:	PHG.Ever Fresh Food (TK) Sdn Bhd [Registration No. 202001010633 (1366953-A)]
"PEFFTK Share(s)"	Sale	:	1,000,000 Shares in PEFFTK representing 100% equity interest in PEFFTK
"PEFG" or "Vendor"	the	:	PHG Ever Fresh Group Sdn Bhd [Reg. No: 202001016827 (1373147-T)]
"PEFP"		:	PHG Ever Fresh Plantation Sdn Bhd [Registration No. 202001025546 (1381866-K)]
"PEFP Sale Share(s)"		:	1,320,000 Shares in PEFP representing 55% equity interest in PEFP

DEFINITIONS (*Cont'd*)

"PHG Group" or the "Acquiree companies"	:	Collectively, PEFFM, PEFFTK, PW&R and 55% equity of PEFP
"PW&R"	:	PHG Wholesale & Retail Sdn Bhd [Registration No. 202001021765 (1378085-M)]
"PW&R Share(s)"	Sale :	2,000,000 Shares in PW&R representing 100% equity interest in PW&R
"Proposals"	:	Collectively, the Proposed Acquisitions and Proposed Diversification
"Proposed Acquisitions"	:	Collectively, the Proposed PEFFM Acquisition, the Proposed PEFFTK Acquisition, the Proposed PW&R Acquisition and the Proposed PEFP Acquisition
"Proposed Diversification"	:	Proposed diversification of Hextar's Existing Businesses into the Durian Business
"Proposed PEFFM Acquisition"	:	Proposed acquisition of the PEFFM Sale Shares from the Vendor
"Proposed PEFFTK Acquisition"	:	Proposed acquisition of the PEFFTK Sale Shares from the Vendor
"Proposed PEFP Acquisition"	:	Proposed acquisition of the PEFP Sale Shares from the Vendor
"Proposed PW&R Acquisition"	:	Proposed acquisition of the PW&R Sale Shares from the Vendor
"Protégé" or "IMR"	:	Protégé Associates Sdn Bhd [Reg. No: 200401037256 (675767-H)], being the independent market researcher
"Purchase Price"	:	Total aggregate purchase price of the Proposed Acquisitions of Ringgit Malaysia eighty-four million only (RM84,000,000) to be satisfied wholly in cash
"Record Depositors" or "ROD"	of or :	A record of securities holders established and maintained by Bursa Depository under the rules of depository, as amended from time to time
"Retention Sum"	:	A sum not exceeding ringgit Malaysia four million only (RM4,000,000) to be retained from the Purchase Price and payable on or before the expiry of 12 months from the date of the SSA
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	PEFFM Sale Shares, PEFFTK Sale Shares, PEFP Sale Shares and PW&R Sale Shares
"SET"	:	Stock Exchange of Thailand
"SGX"	:	Singapore Stock Exchange
"SSA"	:	Conditional share sale agreement entered into by the Company and the Vendor for the Proposed Acquisitions dated 3 July 2023
"5D-VWAMP"	:	Volume weighted average market price

DEFINITIONS (*Cont'd*)

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated. In this Circular, words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall, where applicable, include corporations. Certain figures included in this Circular have been subject to rounding adjustments. References to "we", "us", "our" and "ourselves" are to the Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of the Company.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITIONS. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to Circular
Details of the Proposals	<p><u>Proposed Acquisitions</u></p> <p>The Proposed Acquisitions entail the acquisition by HFSB of the entire equity interest in PEFFM, PEFFTK and PW&R together with 55% equity interest in PEFP from the Vendor for the Purchase Price. The Sale Shares shall be acquired free from all encumbrances.</p> <p><u>Proposed Diversification</u></p> <p>Our Board anticipates that the Durian Business will contribute 25% or more of the net profits and or result in a diversion of 25% or more of the NA of our Group. As such, in accordance with Paragraph 10.13(1) of the Listing Requirements, our Board proposes to seek approval from our shareholders in the forthcoming EGM for the Proposed Diversification.</p>	Section 2
Rationale for the Proposals	<p><u>Proposed Acquisitions</u></p> <p>The Proposed Acquisitions represent an opportunity for the Group to venture into a new business segment that would enable the Group to diversify and enlarge its earnings base. This is in line with Hextar Group's objective and strategy to deliver sustainable growth and create value for the shareholders of Hextar.</p> <p>The Proposed Acquisitions will also allow the Group to capitalise on the synergistic benefits and incremental revenue derived from supplying agrochemicals and fertiliser products to PHG Group and their suppliers.</p> <p>In view of the favourable outlook and prospects of the durian industry underpinned by the potential growth in demand from Asia, in particular China, the Proposed Acquisitions are expected to contribute positively to the future profitability of the Group.</p> <p><u>Proposed Diversification</u></p> <p>The Proposed Diversification is sought as the Group expects its Durian Business to contribute more than 25% or more of the net profits of the Group and/or result in a diversion of 25% or more of the Group's net assets in the future.</p> <p>The Proposed Diversification is part of the Hextar Group's strategic initiatives to diversify its income streams by identifying and engaging in new viable business to reduce the Company's reliance on its Existing Businesses. The Proposed Diversification is expected to contribute positively to the Group's financial performance and in turn, improve Hextar's shareholders' value.</p>	Section 3

EXECUTIVE SUMMARY (Cont'd)

Key information	Summary	Reference to Circular
Approvals required	<p>: The Proposals are subject to and conditional upon the approval of the shareholders of Hextar for the Proposals at the forthcoming EGM to be convened and any other relevant authorities and/or parties, if required.</p> <p>Each component of the Proposals is inter-conditional upon each other. The Proposals are not conditional upon any other corporate proposals that have been announced and/or pending implementation by the Company.</p>	Section 7
Interests of Directors, major shareholders, chief executive and/or persons connected to them	<p>: Save as disclosed in Section 9, none of the directors, major shareholders, and chief executive of Hextar and/or persons connected to them have any interest, direct or indirect, in the Proposals.</p> <p>Save for the Proposed Acquisitions, Hextar and the Vendors have not entered into any transactions between themselves in the 12 months preceding the LPD.</p>	Section 9
Directors' statement/recommendation	<p>: The Board, having considered all aspects of the Proposals including the rationale and benefits, justification and effects of the Proposals, is of the opinion that the Proposals are:</p> <ul style="list-style-type: none">(i) in the best interest of the Group;(ii) fair, reasonable and on normal commercial terms; and(iii) not detrimental to the interest of the minority shareholders of Hextar. <p>Accordingly, the Board recommends that you vote IN FAVOUR of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.</p>	Section 11

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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
Malaysia

11 October 2023

Board of 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*)
Lee Chooi Keng (*Group Managing Director*)
Rayburn Azhar Bin Ali (*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

Dear Sir/Madam,

- (A) PROPOSED ACQUISITIONS; AND**
- (B) PROPOSED DIVERSIFICATION**

(COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 3 July 2023, Hextar announced that its 51% owned subsidiary namely, HFSB, had on even date entered into the SSA for the acquisition of the entire equity interest of PEFFM, PEFFTK and PW&R as well as 55% equity interest in PEFP from the Vendor for the Purchase Price to be satisfied wholly in cash.

For shareholders' information, the Proposed Acquisitions are regarded as related party transactions and fall under Paragraph 10.08(9) of the Listing Requirements. Further details of which are set out in Section 9 of the Circular.

On 20 July 2023, M&A Securities had on behalf of the Board announced that Hextar had on even date proposed to undertake the diversification of its existing businesses to include the business of trading of commodities, which include trading of agriculture produces, energy resources as well as metals and minerals, and precious metals.

On 11 August 2023, after reviewing the Group's business strategy, the Board had decided that the Company will only seek shareholders' approval to diversify into the Durian Business at the current juncture. As such, the Company will no longer seek shareholders' approval for diversification of its existing core business to include the business of trading of energy resources as well as metals and minerals, and precious metals.

On 21 September 2023, Hextar had announced that the Proposed Acquisitions are regarded as related party transactions under Paragraph 10.08(9) of the Listing Requirements. Additional details of the related parties are set out in Section 9 of the Circular.

Further details of the Proposals are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED.

2. DETAILS OF THE PROPOSALS

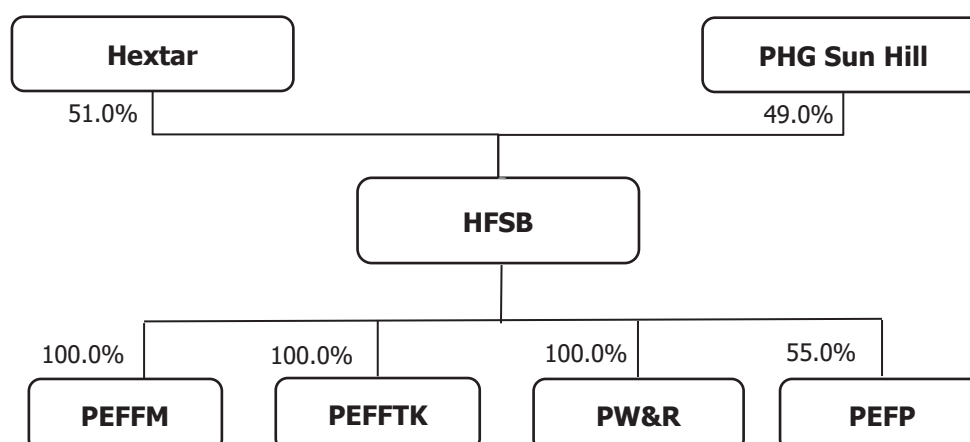
2.1 Details of The Proposed Acquisitions

2.1.1 Background information on the Proposed Acquisitions

The Proposed Acquisitions entails the acquisition by HFSB of the following:-

- i. 2,500,000 Shares in PEFFM representing 100% equity interest in PEFFM
- ii. 1,000 000 Shares in PEFFTK representing 100% equity interest in PEFFTK
- iii. 2,000,000 Shares in PW&R representing 100% equity interest in PW&R
- iv. 1,320,000 Shares in PEFP representing 55% equity interest in PEFP

The Sale Shares shall be acquired from the Vendor free from all encumbrances for the Purchase Price. Upon completion of the Proposed Acquisitions, PEFFM, PEFFTK and PW&R will be wholly-owned subsidiaries of HFSB whilst PEFP will be a 55% owned subsidiary. The corporate structure of Hextar post Proposed Acquisitions is illustrated below:



The Purchase Price to be satisfied wholly in cash by the Purchaser to the Vendor in the amount as set out in the following manner, subject to the condition that the total NA value of the Acquiree Companies on the Completion Date shall not be less than RM24,195,892 as per the audited financial statements FYE 30 April 2023:

No	Company	First Payment RM'000	Second Payment RM'000	Third Payment RM'000	Fourth Payment RM'000	Total Purchase Price RM'000
1.	PEFFM	4,000	10,300	23,700	2,000	40,000
2.	PEFFTK	400	900	2,400	300	4,000
3.	PW&R	3,000	7,700	17,900	1,400	30,000
4.	PEFP	1,000	2,700	6,000	300	10,000
		8,400	21,600	50,000	4,000	84,000

- (a) upon signing of this SSA, the Purchaser shall pay Ringgit Malaysia eight million four hundred thousand only (RM8,400,000), being refundable deposit ("**First Payment**").
- (b) within seven (7) business days from the Unconditional Date, the Purchaser shall pay to the Vendor Ringgit Malaysia twenty-one million six hundred thousand only (RM21,600,000) ("**Second Payment**").
- (c) within Ninety (90) days from the date of the Second Payment, Ringgit Malaysia fifty million only, RM50,000,000 shall be paid to the Vendor ("**Third Payment**").
- (d) on or before the expiry of 12 months from the date of this Agreement, the Purchaser shall pay to the Vendor Ringgit Malaysia four million only (RM4,000,000) ("**Fourth Payment**").

As at LPD, the audited financial statements for FYE 30 April 2023 of the Acquiree Companies have not been issued.

Adjustment of consideration

In the event the PHG Group NA for the financial year ended 30 April 2023 shall be less than RM24,195,892 on the Completion Date, then the Purchase Price shall be adjusted accordingly by deduction from the Purchase Price ("**Adjusted Sum**"). The parties have included the adjustment of consideration as a condition in the SSA as there was no profit guarantee provided by the Vendor. For illustration purposes, if the PHG Group NA for the financial year ended 30 April 2023 amounts to RM23,195,892, i.e. a shortfall of RM1.0 million, the Adjusted Sum will amount to RM1.0 million and the Purchase Price will be adjusted to RM83.0 million. The Purchaser shall either deduct the Adjusted Sum from the Third Payment or Fourth Payment or the Vendor shall pay the Adjusted Sum within seven (7) Business Days from the notification in writing issued by the Purchaser.

The Proposed Acquisitions are subject to the terms and conditions of the SSA. Please refer to **Appendices II to X** of this Circular for the salient terms of the SSA, information on the Acquiree Companies and the audited financial statements of PEFFM, PEFFTK, PW&R and PEFP respectively.

2.1.2 Information on the Acquiree Companies, Purchaser and Vendor

2.1.2.1 Acquiree Companies

Information on PEFFM

PEFFM was incorporated in Malaysia on 13 June 2014 under the Act. PEFFM is principally engaged in the trading of durian, durian pulp and durian paste.

As at LPD, the issued share capital of PEFFM is RM2,500,000 comprising 2,500,000 Shares. PEFFM has no subsidiary or associated companies.

As at LPD, the shareholder and directors of PEFFM, all of whom are Malaysians, and their respective shareholdings are as follows:-

	<-----Direct----->		<-----*Indirect----->	
Shareholder	No. of PEFFM Shares Held	%	No. of PEFG Shares	%
PEFG	2,500,000	100.00	-	-
Directors				
Leong Kam Yau	-	-	204,050	20.41
Lye Wee Tin	-	-	108,200	10.82
Leong Si Kin	-	-	202,700	20.27
Lye Wee Ken	-	-	179,250	17.93
Loo Hoong Fatt	-	-	50,400	5.04
Yau Shee Min	-	-	69,000	6.90
Total	2,500,000	100.00	813,600	81.37

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFFM.*

Information on PEFFTK

PEFFTK was incorporated in Malaysia on 30 April 2020 under the Act. PEFFTK is principally engaged in the business of trading of durian, durian pulp and durian paste.

As at LPD, the issued share capital of PEFFTK is RM1,000,000 comprising 1,000,000 Shares. PEFFTK has no subsidiary or associated companies.

As at LPD, the shareholder and directors of PEFFTK, all of whom are Malaysians, and their respective shareholdings are as follows:-

	<-----Direct----->		<-----*Indirect----->	
Shareholder	No. of PEFFTK Shares Held	%	No. of PEFG Shares	%
PEFG	1,000,000	100.00	-	-
Directors				
Lye Wee Ken	-	-	179,250	17.93
Leong Yet Wan	-	-	7,000	0.70
Total	1,000,000	100.00	186,250	18.63

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFFTK.*

Information on PW&R

PW&R was incorporated in Malaysia on 4 August 2020 under the Act. PW&R is principally engaged in the business of wholesale of durian and other fruits including banana, rambutan, mangosteen, lime, papaya, jackfruit, avocado and soursop.

As at LPD, the issued share capital of PW&R is RM2,000,000 comprising 2,000,000 Shares. PW&R has no subsidiary or associated companies.

As at LPD, the shareholder and directors of PW&R, all of whom are Malaysians, and their respective shareholdings are as follows:-

	<-----Direct----->		<-----*Indirect----->	
Shareholder	No. of PW&R Shares Held	%	No. of PEFG Shares	%
PEFG	2,000,000	100.00	-	-
Directors				
Leong Si Kin	-	-	202,700	20.27
Leong Kam Yau	-	-	204,050	20.41
Lye Wee Tin	-	-	108,200	10.82
Total	2,000,000	100.00	514,950	51.50

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PW&R.*

Information on PEFP

PEFP was incorporated in Malaysia on 28 August 2020 under the Act. PEFP is principally engaged in the business of growing and trading of durian.

As at LPD, the issued share capital of PEFP is RM2,400,000 comprising 2,400,000 Shares. PEFP has no subsidiary or associated companies.

As at LPD, the shareholding structure of PEFP is as follow:-

Shareholders	No. of Ordinary Shares Held	Percentage
PEFG	1,320,000	55.00%
Chong Hon Fei	48,000	2.00%
Chong Hon Loon	48,000	2.00%
Chong Hon Yun	48,000	2.00%
Chong Kon Seng	48,000	2.00%
Evertex Construction Sdn Bhd	202,800	8.45%
Hin Kor Farm Sdn Bhd	240,000	10.00%
Leong Jin Ming	24,000	1.00%
Leong Jin Yuan	24,000	1.00%
Lim Bee Leong	20,400	0.85%
Lim Wei Ching	20,400	0.85%
Lim Yu Wai	12,000	0.50%
Lye Wee Ken	194,400	8.10%
Ong Wei Qiao	20,400	0.85%
Soo Sien Wen	20,400	0.85%
Tang Su Ting	48,000	2.00%
Tay Kwang Yew	20,400	0.85%
Tracy Tong Zi Qian	40,800	1.70%
Total	2,400,000	100.00%

As at LPD, the directors of PEFP, all of whom are Malaysians, and their respective shareholdings are as follows:-

Directors	<-----Direct----->		<-----*Indirect----->	
	No. of PEFP Shares Held	%	No. of PEFG Shares	%
Lye Wee Ken	194,400	8.10	179,250	17.93
Tay Jee	-	-	-	-
Yau Shee Min	-	-	69,000	6.90
Yap Wan Hin	-	-	-	-
Chong Hon Loon	48,000	2.00	-	-
Lye Foong Ming	-	-	30,000	3.00
Leong Jin Yuan	24,000	1.00	1,400	0.14
Total	266,400	11.10	279,650	27.97

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFP.*

2.1.2.2 The Vendor

Information on PEFG

PEFG was incorporated in Malaysia on 3 July 2020 under the Act. PEFG is principally engaged in investment holding activities.

As at LPD, the issued share capital of PEFG is RM1,000,000 comprising 1,000,000 PEFG Shares.

As at LPD, the shareholding structure of PEFG is as follow:-

Shareholders	No. of Ordinary Shares Held	Percentage
Beho Fresh Sdn Bhd	80,000	8.00%
Chia Sik Cheong	4,200	0.42%
Lai Jen Yang	4,200	0.42%
Lai Wai Onn	2,800	0.28%
Lee Pui Yan	4,200	0.42%
Leong Jin Yuan	1,400	0.14%
Leong Kam Yau	204,050	20.41%
Leong Si Kin	202,700	20.27%
Leong Yet Wan	7,000	0.70%
Loo Hoong Fatt	50,400	5.04%
Loo Wai Hong	20,000	2.00%
Lye Foong Ming	30,000	3.00%
Lye Man Seng	20,000	2.00%
Lye Wee Ken	179,250	17.93%
Lye Wee Tin	108,200	10.82%
Ong Eng Guan	2,800	0.28%
Tan Chin Keong	4,200	0.42%
Tay Kwang Yew	4,200	0.42%
Yau Jun Xian	1,400	0.14%
Yau Shee Min	69,000	6.90%
Total	1,000,000	100%

As at LPD, the directors of PEEG, all of whom are Malaysians, and their respective shareholdings are as follows:-

Directors	No. of PEEG Shares Held	%
Loo Hoong Fatt	50,400	5.04%
Lye Wee Tin	108,200	10.82%
Yau Shee Min	69,000	6.90%
Leong Si Kin	202,700	20.27%
Lye Wee Ken	179,250	17.93%
Leong Kam Yau	204,050	20.41%
Total	813,600	81.37%

2.1.2.3 The Purchaser

Information on HFSB

HFSB, a private company limited by shares, having its place of business at No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor, was incorporated under the Companies Act 2016 on 2 June 2023. HFSB is an investment holding company.

As at LPD, HFSB has an issued share capital of RM1,000.00 only consisting of 1,000 ordinary shares.

As at LPD, the shareholding structure of HFSB is as follow:-

Shareholders	No. of Ordinary Shares Held	Percentage
Hextar Global Berhad	510	51%
PHG Sun Hill Sdn Bhd	490	49%
Total	1,000	100%

As at LPD, the Directors of HFSB are as follows:

Name	Designation
Teh Li King	Director*
Lee Chooi Keng	Director

**Teh Li King is a representative of Hextar.*

Information on PHG Sun Hill Sdn Bhd ("PHG Sun Hill")

PHG Sun Hill, a private company limited by shares, having its registered address at No. 8A, Jalan Harmonium 35/2, Taman Desa Tebrau, 81100 Johor Bahru, Johor, was incorporated under the Companies Act 2016 on 31 May 2023. PHG Sun Hill is an investment holding company.

As at LPD, the director and shareholding structure of PHG Sun Hill are as follows:-

Shareholders	Designation	No. of Ordinary Shares Held	Percentage
Lye Foong Ming	Director	100	100%

2.1.3 Basis and justification on arriving at the Purchase Price

The Purchase Price of RM84,000,000 was arrived at based on a “willing buyer-willing seller” basis after taking into consideration the following as well as the future business operations of the Acquiree Companies:

- (i) the total audited NA of the Acquiree Companies shall not be less than RM24,195,892 for the FYE 30 April 2023 in which the RM24,195,892 was derived based on the audited financial statement of FYE 30 April 2022. For avoidance of doubt, as at the LPD, the audited financial statements for FYE 30 April 2023 of the Acquiree Companies have not been issued;
- (ii) the historical financial performance of the Acquiree Companies for the past 3 financial years or since incorporation up to the FYE 30 April 2023 as set out in Appendices III, IV, V and VI of this Circular;
- (iii) the prospects, potential and growth of the Acquiree Companies after taking into consideration the outlook and its future prospects as set out in Section 4 of this Circular; and
- (iv) the rationale and benefits to be accrued to the Group through the Proposed Acquisitions as set out in Section 3 of this Circular.

The Purchase Price represents a PE multiple of 8.25 times, based on the unaudited combined PAT of the Acquiree Companies for the FYE 30 April 2023 of RM10,179,000, which is lower than the comparable transactions at 9.00 times under the Comparable Transaction Analysis valuation method.

The Board has appointed Eco Asia, an independent expert to assess the fairness of the Purchase Price. The Board has taken note of the opinion by Eco Asia as set out in Appendix I in its entirety.

For the purpose of this assessment, Eco Asia has adopted the Price-to-Book Multiple (“**PB Multiple**”) of the Relative Valuation Approach (“**RVA**”) as the primary valuation metric and Price-to-Earnings Multiple (“**PE Multiple**”) of Comparable Transaction Analysis (“**CTA**”) as the secondary valuation metric after taking into consideration the following commonly used valuation methodologies in equity valuation:-

Valuation Methodologies	Discussion
RVA	<p>RVA seeks to compare a company’s implied trading multiple to that of comparable companies to determine the company’s financial worth. General acceptable metric considered under the RVA are as follows:</p> <ul style="list-style-type: none">i. PE Multiple: estimates a company’s market value based on its PAT relative to its peers.ii. Enterprise Value (“EV”)/Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) Multiple: estimates the market value of a company’s business relative to its historical pre-tax operation performance, with regard to the company’s capital structure.iii. PB Multiple: values a company based on the value of its assets, net of all liabilities at a specific point in time and it indicates the premium which investors are willing to pay to invest in a company compared to its book value.

Valuation Methodologies	Discussion
	<p>In the case of the Proposed Acquisition, the value of PHG Group is more likely to be derived from its future earnings arising from its future prospects, potential and growth. Hence, valuation metrics which estimate the market value of a company based on earnings such as the PE Multiple and EV/EBITDA Multiple are deemed to be suitable valuation metrics to be adopted. However, taking into consideration that majority of the comparable companies selected are loss making, the negative PE Multiple and negative EV/EBITDA Multiple of these comparable companies will not be meaningful for benchmarking purposes. As such, Eco Asia have not adopted the PE Multiple and EV/EBITDA Multiple metrics for this assessment purposes.</p> <p>Instead, the PB Multiple has been adopted as the primary valuation metric due to the following:</p> <ol style="list-style-type: none"> Provides a fairly stable measure of value as it takes into consideration the cumulative financial position which can be compared to the market price; The Purchase Price was derived after taking into consideration among others, a total audited NA of the Acquiree Companies shall not be less than RM24,195,892 for the FYE 30 April 2023; and The negative earnings of the selected comparable companies have restricted the use of others earnings-related metrics.
Net Asset Valuation (" NAV ") / Revalued Net Asset Valuation (" RNAV ")	NAV/RNAV is not adopted for this valuation as it may not reflect the potential value of PHG Group since this valuation method focus on the book value of the company without taking into consideration the premium which investors are willing to pay.
CTA	<p>CTA seeks to compare against other comparable transactions undertaken by companies listed on local and/or regional stock exchanges that had entered into proposed acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past.</p> <p>Eco Asia has conducted searches on precedent transactions for the past five (5) years and noted one (1) comparable transaction which involves the purchase of a company involving in durian plantation, production of fresh whole fruits and frozen durian for local and export market and supply durian paste for dessert market. The purchase consideration was derived after taking into consideration the profit guarantee provided which resulted an implied PE Multiple of 9.0 times.</p> <p>Taking into consideration that the principal activities are similar to that of PHG Group and the PE Multiple metric adopted is deemed to be a suitable valuation metric to assess the market value of PHG Group, hence Eco Asia has adopted the CTA as the secondary valuation metric.</p>

Valuation Methodologies	Discussion
Discounted Free Cash Flow to Equity (" FCFE ")	<p>FCFE valuation method was not adopted as this is more appropriate for companies with a set of projected cash inflow and outflow that can be estimated with a high level of certainty.</p> <p>At this point, it is difficult for the Management to accurately project the future cashflow of PHG Group as substantial portion of PHG Group's revenue is derived from the trading of durians which are sourced from farmers. Sales and purchases of these durians are based on spot terms and there is no long-term contract entered with its customers and suppliers.</p>

Primary Valuation Metric – RVA

Based on the RVA, the indicative valuation of PHG Group is determined based on the valuation metrics of selected comparable companies which are broadly comparable to PHG Group. Comparable companies are selected based on the following criteria:

- (i) Principally operating in the growing, trading and processing of durian and/or other fruits; and
- (ii) Due to limited comparable companies listed on Bursa Securities, comparable companies which are listed in SGX and SET were also selected.

It should be recognised that there is no company which is considered to be identical to PHG Group in terms of, among others, composition of business activities, scale of business operation, asset base, accounting and tax policies, risk and financial profile, profit track record, capital structure, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

In addition, the selection of the comparable companies is highly subjective and judgmental in view that the comparable companies may not be entirely comparable to PHG Group due to various factors such as geographical factors, product market segment, client base and technical know-how. It should be noted that any comparison made with respect to the comparable companies is merely to provide an indicative current market expectation with regards to the implied valuation range of PHG Group.

The comparable companies ("**Comparable Companies**") selected based on the selection criteria above are as follow:

Comparable Companies	Listed on	Principal Activities
DSR Taiko Berhad (" DSR ")	Bursa Securities LEAP Market	Involved in full spectrum of the durian agribusiness ranging from upstream (durian plantation and retailing) to downstream (production and distribution of durian-based products).
Carzo Holdings Berhad (" Carzo ")	Bursa Securities LEAP Market	Involved in distribution and retail of local and imported fresh fruits as well as processing and retail of fruit products.

Comparable Companies	Listed on	Principal Activities
Siam Food Products Plc ("Siam Food")	SET	Involved in processing and export of pineapple products and other tropical fruits products under the Company's brand "Siam Food" or under customers' own brands. Siam Food owns a pineapple plantation and cannery in Chonburi, Thailand.
Sunmoon Food Company Limited ("Sunmoon")	SGX Mainboard	Involved in sourcing, processing, refrigeration, packing and distribution of fruits, vegetables and other agricultural products.
Tipco Foods Public Company Limited ("Tipco")	SET	Involved in processing and export of pineapple products.

The PB Multiple of the Comparable Companies are as follows:

Comparable Companies	⁽¹⁾ Market Capitalisation (RM'000)	⁽³⁾ NA (RM'000)	PB Multiple (times)
DSR	297,094	48,184	6.17
Carzo	57,248	5,208	⁽⁴⁾ 10.99
Siam Food	⁽²⁾ 1,205,610	243,210	⁽⁵⁾ -
Sunmoon	63,229	17,604	3.59
Tipco	622,528	568,954	1.09
		Median	3.59
		Average	3.62

Notes:

- (1) Extracted based on the closing share prices as at 16 August 2023 ("Date of Opinion"). Converted to RM based on the exchange rate quoted from Bank Negara Malaysia website as at the Date of Opinion of THB100 : RM13.1073 and SGD1 : RM3.4117.
- (2) Based on the closing share price on 19 July 2023, being the last trading day of Siam Food before being delisted.
- (3) Extracted from the Comparable Companies' latest audited report or the latest available quarterly/half yearly financial results announcement published on the Bursa Securities, SGX or SET as follows: -

Comparable Companies	Latest Financial Period
DSR	As at 31 December 2022
Carzo	As at 31 December 2022
Siam Food	As at 31 March 2023
Sunmoon	As at 31 March 2023
Tipco	As at 30 June 2023

The financial results are then converted to RM based on the exchange rates quoted from Bank Negara Malaysia website as at the Date of Opinion of THB100 : RM13.1073 and SGD1 : RM3.4117.

- (4) Deemed as outlier and has been excluded from the computation of median and average PB Multiple as it is significantly higher than the PB Multiple of other Comparable Companies.
- (5) Excluded from the computation of median and average PB Multiple as it has been delisted after 19 July 2023.

Based on the Purchase Price and adjusted NA of PHG Group, the implied PB Multiple of PHG Group is as follow:

	Amount(RM'000)
Minimum agreed NA of PHG Group as at 30 April 2023	24,196
(+) Indicative fair value of biological assets ⁽¹⁾	2,839
Adjusted NA of PHG Group	27,035
Purchase Price	84,000
Implied PB Multiple of PHG Group (times)	3.11

Note:

- (1) The unaudited combined NA of PHG Group as at 30 April 2023 does not take into consideration the fair value of the durian trees planted on the 24.8 acres of durian plantation located at Raub, Pahang. Based on the MPERS Section 34 or MFRS 141 Biological Asset, the fair value of fruit bearing plant is measured at the end of the financial year based on the fair value of the fruit less cost to sell. The indicative fair value of biological assets is computed based on the following parameters provided by the Management of PHG Group:

Number of durian trees (a)	: 1,126
Maturity of durian trees	: All trees are matured and fruit bearing
Average durian per tree (b)	: 150 pieces
Average weight of one durian (c)	: 1.5kg
Average selling price per durian (d)	: RM25.00
Cost to sell (e)	: Total direct cost, comprising mainly of fertilisers purchase, upkeep of durian plantation as well as direct salary and wages, recognised in PEFP for FYE 2023 amounting to RM1.17 million
Indicative fair value of biological assets	: Computed as [(a) x (b) x (c) x (d)] – (e) = RM5.16 million

The abovementioned durian plantation is a fixed asset of PEFP. As HFSB is only acquiring 55% equity interest in PEFP, the indicative fair value of the biological assets at 55% equity interest is RM2.84 million.

Secondary Valuation Metric – CTA

In addition, valuation based on the CTA is also conducted by comparing to the precedent transactions. Eco Asia has conducted searches on precedent transactions for the past five 5 years and noted the following comparable transaction:

Purchaser name	: Brighthill Synergy Sdn Bhd, a wholly owned subsidiary of PLS Plantation Berhad (" PLS ")
Target company	: Dulai Fruits Enterprise Sdn Bhd (" Dulai ")
Principal activities of target company	: Involved in durian plantation, production of fresh whole fruits and frozen durian for local and export market and supply durian paste for dessert market
Purchase Price	: RM21.00 million for 70.0% equity interest in Dulai (RM3.00 million in cash for subscription of new shares in Dulai and RM18.00 million to be satisfied via issuance of PLS Shares)
Profit guaranteed by vendor	: A total of RM 10.00 million over 3 years
Implied PE Multiple	: 9.00 times
Share sale and purchase agreement date	: 9 October 2018

The implied PE Multiple of PHG Group is computed as follow:

	(RM'000)
Purchase Price for equity interest in PHG Group	84,000
(÷) Unaudited combined PAT of PHG Group for the FYE 2023 ⁽¹⁾	10,179
Implied PE Multiple (times)	8.25

Note:

- (1) Taking into account 100% unaudited PAT of PEFFM at RM3.54 million, PEFFTK at RM0.89 million and PW&R at RM6.15 million and 55% unaudited loss after taxation ("**LAT**") of PEFP at RM0.40 million for the FYE 2023.

The implied PE Multiple of PHG Group at 8.25 times is lower than the PE Multiple of the comparable transaction at 9.00 times.

The Board noted the opinion from Eco Asia that the Purchase Price of RM84.00 million for PHG Group is fair for Hextar due to the following:

- (i) Although the implied PB Multiple of PHG Group at 3.11 times is below the median and average PB Multiples of the selected Comparable Companies of 3.59 times and 3.62 times respectively, it is still within the overall range of PB Multiples of the selected Comparable Companies from 1.09 times to 6.17 times; and
- (ii) The implied PE Multiple of PHG Group at 8.25 times is lower than the PE Multiple of the comparable transaction at 9.00 times under the CTA valuation method.

2.1.4 Source of funding

The Purchase Price of RM84,000,000 will be funded via internally generated funds and bank borrowings, the proportion of which will be determined later after taking into consideration the Group's gearing level, interest costs and cash reserves.

For illustration purposes only, assuming the Purchase Price is to be funded through RM50,000,000 interest bearing borrowings, the mode of settlement shall be in the following manner:

Mode of settlement	RM'000	%
Borrowings	50,000	60
Internal generated funds	34,000	40
	84,000	100

Based on Hextar's audited financial statements as at 31 December 2022, cash and bank balances and bank borrowings of the Group are as follows:

Cash & bank and borrowings	RM'000
Borrowings	234,520
Deposits with licensed bank	6,064
Cash and bank balance	50,092
	290,676

2.1.5 Liabilities to be assumed by Hextar

Save for the obligations of Hextar arising from or in connection with the SSA, there are no other liabilities, including contingent liabilities and/or guarantees of the Acquiree Companies to be assumed by Hextar pursuant to the Proposed Acquisitions.

2.1.6 Additional financial commitment

There is no additional financial commitment required to put the Acquiree Companies existing operations on-stream as the Acquiree Companies are already in operation and generating stable income and cash flow.

2.2 Details of The Proposed Diversification

Presently, Hextar is an investment holding company with subsidiaries principally involved in the Existing Businesses. The key financial performance of the Hextar Group for the past 3 FYEs 31 December 2020, 31 December 2021 and 31 December 2022 as well as the FPE 31 March 2023 are set out as follows:

	Audited			Unaudited
	FYE 31 December 2020	FYE 31 December 2021	FYE 31 December 2022	FPE 31 March 2023
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Investment holding	132,957	134,465	90,117	13,125
- Agriculture	405,558	419,434	369,604	81,668
- Consumer products	37,814	22,630	23,451	4,589
- Specialty chemicals	-	64,083	225,548	57,222
Eliminations	(157,687)	(176,494)	(90,360)	(13,272)
	418,642	464,118	618,360	143,332
Profit/(Loss) before tax				
- Investment holding	124,084	125,133	125,312	9,921
- Agriculture	60,570	58,603	40,112	4,409
- Consumer products ⁽¹⁾	(40)	(3,573)	(3,933)	(1,455)
- Specialty chemicals	-	7,533	52,022	11,376
Eliminations	(127,926)	(134,130)	(138,501)	(10,510)
Taxation	(12,204)	(14,356)	(19,973)	(4,319)
Profit/(Loss) after tax	44,484	39,210	55,039	9,422

Note:

- (1) The Group's consumer products segment is involved in manufacturing and distribution of disposable healthcare products. On 15 May 2023, the Company announced that it has entered into a share sale agreement with Vinayaka Capital Sdn Bhd for the disposal of the entire equity interest in Halex Woolton (M) Sdn Bhd and Halex Marketing Sdn Bhd.

In view of the challenging outlook for the Group's agriculture segment and following the Group's exit from the consumer products segment in June 2023, the Group has been contemplating alternative businesses to diversify its sources of revenue and profits to supplement its Existing Businesses as well as to mitigate the risks of solely relying on its Existing Businesses.

The Company had, on 3 July 2023, announced that its 51% owned subsidiary, namely Hextar Fruits Sdn Bhd, has entered into a share sale agreement with PEFG for the Proposed Acquisitions. The PHG Group is principally involved in the business of trading of fruits (specifically durian fruit). As such, the Proposed Acquisitions marks the Group's initial foray into the Durian Business.

The Board is therefore seeking the approval from the shareholders of Hextar in an EGM to be convened for the Proposed Diversification pursuant to Paragraph 10.13(1) of the Listing Requirements in anticipation that the Durian Business are expected to result in either:

- (a) The diversion of 25.0% or more of the NA of the Group to the Durian Business; or
- (b) The contribution from the Durian Business of 25.0% or more of the net profit of the Group.

2.2.1 Key personnel

Hextar Group has identified Dato' Lye Wee Ken and Lo Ngen Loi to lead the Durian Business.

Dato' Lye Wee Ken

Dato' Lye Wee Ken, a Malaysian male, aged 50, has over 30 years of working experience specialising in the durian industry. He is the founder of PHG.Ever Fresh Food (M) Sdn Bhd, one of the largest durian exporters in Malaysia.

His first involvement in the durian industry began around 1992 where he managed his own durian orchard located at Sungai Chalit, Raub. In 1997, he started his own business by setting up Ten Ka Trading, which was primarily involved in the wholesale of durian and durian farming. During this period, he was primarily responsible for supervising the daily operations of the business and charting the overall strategy and business direction of the company. In 2014, he founded PHG.Ever Fresh Food (M) Sdn Bhd (a company mainly involved in the business of wholesale of durian and durian products). Throughout the years, he was responsible for the overall production and operations of the company and has been instrumental in the development, growth and success of the company, where he grew the company to be one of the largest durian exporters in Malaysia. In 2020, he established PHG Ever Fresh Group Sdn Bhd, PHG.Ever Fresh Food (TK) Sdn Bhd and PHG Ever Fresh Plantation Sdn Bhd to include the business of durian processing and durian farming.

He is currently the Chairman of Pahang Durian Entrepreneur Association (since 2015), where he is principally involved in promoting, formulating and developing best practice standards in the durian industry.

Presently, Hextar does not have any management agreement entered into with Dato' Lye Wee Ken. However, Dato' Lye Wee Ken's daughter, Lye Foong Ming is appointed as the successor should Dato' Lye Wee Ken plans to exit from the Durian Business, and she is also presently actively involved in the operations of the Durian Business.

Lo Ngen Loi

Lo Ngen Loi, a Malaysian male, aged 66, has over 40 years of experience in the agrochemicals industry, including over 22 years of working experience being involved in marketing and portfolio management of agrochemicals product for multinational corporations.

He graduated with a Bachelor of Science in Botany and Chemistry from University of London, United Kingdom in 1980.

He began his career in 1980 with Bumiwati (Sabah) Sdn Bhd as a Techno Commercial Executive before being promoted to branch manager in the company's branch office at Sandakan in 1983, where he was responsible in the sales & marketing for the said branch. In 1984, he joined Sri Setujuh Sdn Bhd as the Managing Director, where he was responsible for the overall management of the company's agrochemicals and fertiliser businesses.

In 1987, he joined Dow AgroScience (Malaysia) Sdn Bhd (formerly known as Pacific Chemicals Berhad, and later known as Dow Elanco (Malaysia) Sdn Bhd), a multinational corporation under Dow Chemicals Company in USA, as marketing executive. He was promoted to senior marketing executive in 1990 and promoted to East Malaysia branch manager in 1995. He was then promoted to marketing manager in 1999 and national sales manager in 2002. He was finally promoted to business manager in 2005 and key accounts manager in 2007. During this period, he was mainly involved in the sales and marketing functions of the company and as he climbed through the ranks, he was also tasked to manage distributors and key customers of the company.

In 2009, he first joined Hextar Chemical Sdn Bhd, an indirect wholly-owned subsidiary of the Group, as the marketing director, where he was mainly responsible for overseeing the marketing strategies for the company's domestic and oversea markets. In 2019, he was promoted to managing director of the agriculture segment of the company and holds the position until present day, where he is mainly responsible for the overall strategic planning, direction and operations of the agriculture segment of the company.

Lo Ngen Loi's service contract with Hextar is expiring in December 2023 and he has expressed his intention to extend the service contract with Hextar for another three years.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisitions

The Proposed Acquisitions represent an opportunity for the Group to venture into a new business segment that would enable the Group to diversify and enlarge its earnings base. This is in line with Hextar Group's objective and strategy to deliver sustainable growth and create value for the shareholders of Hextar.

The Proposed Acquisitions will also allow the Group to capitalise on the synergistic benefits and incremental revenue derived from supplying agrochemicals and fertiliser products to PHG Group and their suppliers.

In view of the favourable outlook and prospects of the durian industry underpinned by the potential growth in demand from Asia, in particular China, the Proposed Acquisitions are expected to contribute positively to the future profitability of the Group.

3.2 Proposed Diversification

As set out in Section 2.2 above, the Proposed Diversification is sought as the Group expects its Durian Business to contribute more than 25% of the net profits of the Group and/or result in a diversion of 25% or more of the Group's net assets in the future.

The Proposed Diversification is part of the Hextar Group's strategic initiatives to diversify its income streams by identifying and engaging in new viable business to reduce the Company's reliance on its Existing Businesses. The Proposed Diversification is expected to contribute positively to the Group's financial performance and in turn, improve Hextar's shareholders' value.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview of the Durian Industry in Malaysia

The crops sub-sector in Malaysia is characterised by the country's tropical climate which provides favourable conditions for the cultivation of a wide variety of crops, with durian being one of the most prominent and popular seasonal fruit cultivated. Native to Southeast Asian countries such as Malaysia, Indonesia, Thailand and the Philippines; the durian is a unique tropical fruit and is often referred to as the "king of fruits". Durian season is usually during the June to October and December to January periods. Over the centuries, durian cultivars have emerged in the Southeast Asia, Malaysia included, through the propagation of clones. A durian cultivar is essentially a specific variety of durian that has been deliberately selected for desirable characteristics such as fruit shape, size, smell, colour, texture, taste and tree characteristics.

Durian cultivations in Malaysia used to be small-scale operations, and were characterised by smallholdings or "dusun" of half or one hectare each. They are also often intercropped with other fruit trees. However, as demand from both domestic and international markets grew for durians, the industry began to commercialise. Increased consumer interest coupled with their willingness to pay premium prices for high-quality durians created opportunities for larger-scale cultivation to meet the rising demand. In particular, the growing interests from Chinese consumers; fascinated with the durian for its unique taste and health benefits further entrenched demand. Accordingly, the durian has become one of the most popular fruit crops planted in Malaysia and has also been identified as a new source of agricultural wealth.

At the same time, Malaysia's durian industry is also a major exporter of durians and has been actively exporting durians to various international markets, specifically in Asia. Popular durian varieties such as "Musang King" and "Black Thorn" are especially well sought after by international buyers. In 2022, Malaysia exported 24,555 metric tonnes of fresh durian (5.3% of total production) valued at approximately RM151.6 million with Singapore, China (including Hong Kong), Indonesia and Brunei Darussalam being the main export destinations.

Export of fresh durian, 2018 – 2022

	Metric Tonnes	RM (million)
2018	23,380.6	118.2
2019	22,161.8	92.3
2020	16,967.8	74.2
2021	24,684.1	121.9
2022	24,555.0	151.6

Source: International Trade Centre Trade Map ("ITC Trade Map") and Department of Statistics Malaysia ("DOSM")

Major export destinations of Malaysian durian (metric tonnes), 2018 – 2022

	2018	2019	2020	2021	2022
Singapore	20,793.0	20,453.0	15,848.0	23,062	21,936.0
China (including Hong Kong)	901.0	956.0	759.0	1,125.0	1,839.0
Indonesia	60.0	2.0	62.0	87.0	494.0
Brunei Darussalam	18.0	170.0	80.0	175.0	223.0
Thailand	599.0	443.0	158.0	130.0	4.0
World (Total)	23,380.6	22,161.8	16,967.8	24,684.1	24,555.0

Source: ITC Trade Map and DOSM

The durian processing sector involves the transformation of durian fruits into various value-added products. This sector plays an important role in optimising the usage of durians, extending their shelf life, and innovating a variety of products which meets diverse consumer needs.

The processing of durian can be categorised into 2, namely:

- i. Primary processing – refers to the processing of durian, which involves fruit extraction and freezing aimed at lengthening durian's shelf life and preserving its natural form. Vacuum-packed frozen whole durian and quick-frozen durian pulp are the 2 main products in primary processing, and they are mainly intended for export markets.
- ii. Secondary processing – refers to the further processing of durian into intermediate products or ingredients to be combined with other food ingredients in the manufacturing of various durian delicacies such as desserts, pastries, snacks, and durian-infused beverages.

In 2021, exports of durian products (includes fresh, frozen, pulp and paste) by the Malaysia micro, small and medium enterprises grew by 73.5% to RM998.1 million in 2021 (2020: RM575.4 million). The main export destinations for these durian products were China (73.8%), Singapore (7.5%) and Hong Kong (4.8%). Meanwhile, there are no specific statistical data pertaining to the secondary processing of durians into durian-based end products. Consumers have shown an increasing appetite for durian-based end products, which has opened up new avenues for innovation and market expansion.

(Source: Protégé Associates)

4.2 Prospects and Outlook of the Durian Industry in Malaysia

Moving forward, the prospects and outlook of the durian industry remains positive with demand for durians expected to continue rising. Factors boosting growth within the durian industry in Malaysia is likely to come from the growing awareness and appreciation for durian from consumers domestically and around the world. In particular, demand for the 'Musang King' durian variety have grown significantly driven by Chinese consumers who have become fascinated with its unique taste and health benefits, and this demand is likely to be sustained going forward. Meanwhile, the proliferation of more innovative durian-based products is expected to drive demand and attract a broader consumer base. At the same time, changing consumer lifestyle towards healthier eating habits is expected to drive demand for durian as it is a natural and nutritious food option. Lastly, consumption of durian is expected to increase in tandem with steady population growth. On the supply side, the development of the durian industry in Malaysia is expected to be supported by the increase in durian cultivation in Malaysia.

Concurrently, the positive support from the Malaysian Government particularly in the marketing and promotion of durian internationally augurs well for the durian industry. Meanwhile, the continued enforcement of stringent food safety standards and other requirements will ensure only quality durians are exported and further enhancing Malaysia's durian reputation.

(Source: Protégé Associates)

4.3 Overview of the Durian Industry in China

Durian is experiencing a remarkable boom in China which 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. In 2022, China imported a total volume of 824,855 metric tonnes of fresh durians at an estimated value of USD4.03 billion.

Imports of fresh durian into China, 2018 – 2022

	2018	2019	2020	2021	2022
Metric tonnes	431,956	604,706	575,901	821,589	824,855
Value (USD million)	1,095.2	1,604.5	2,305.0	4,205.4	4,034.9

Source: ITC Trade Map

The surge in durian imports to China was further accelerated by the recently implemented Regional Comprehensive Economic Partnership ("RCEP"). The RCEP is the world's largest free trade deal to date and it came into effect on 1 January 2022. This landmark trade agreement has simplified the process to import fresh fruits including durian, from Southeast Asia countries, which in turn boosts durian's popularity in the Chinese market. The RCEP also serves as a significant test case for integrating China into a mega free-trade framework and expanding economic cooperation within the region.

Currently, durian sales in China mainly consist of variety of fresh or frozen durian. Fresh durian is primarily imported from abroad and caters to consumers who prefer to eat the whole fruit immediately. To maintain their taste and freshness, these durians often undergo unnatural processes such as anti-corrosion treatment or ripening when they are not fully ripe. Frozen durian on the other hand, refers to fresh durian that have undergone minimal damage to their nutritional elements. Through individual quick freezing technology, they are stored in a low temperature, sealed and safe environment; preserving the nutritional content and taste of the durian to a great extent. The controlled environment inhibits bacterial growth and helps retain maximum nutritional value.

China's import of durian mainly comes from countries including Thailand, Vietnam and Malaysia, with each offering their own unique variety of durian taste and texture. This diverse selection allows Chinese consumers to indulge in a variety of flavours, textures and aromas from different durian-producing regions. One prominent example is the importation of the 'Musang King' variety ('Mao Shan Wang' in Chinese) from Malaysia, known for their exceptional bittersweet, sticky and creamy texture as well as quality.

Chinese imports of durian from its major supplying countries, 2018 – 2022

Country	2018		2019		2020		2021		2022	
	Metric tonnes	Value (USD million)	Metric tonnes	Value (USD million)	Metric tonnes	Value (USD million)	Metric tonnes	Value (USD million)	Metric tonnes	Value (USD million)
Thailand	431,956	1,095.2	604,706	1,604.5	575,901	2,305.0	821,540	4,205.1	783,976	3,846.8
Vietnam ⁽¹⁾	106	0.2	22,614	56.5	12,758	31.0	20,710	59.9	57,065	236.8
Malaysia ⁽¹⁾	901	9.3	956	7.1	759	5.2	1,125	8.6	1,839	14.7

Notes:

- ⁽¹⁾ Including exports to Hong Kong Special Administrative Region ("SAR") and Macao SAR.

- USD refers to United States Dollar.

Source: ITC Trade Map

In 2022, a total volume of 783,976 metric tonnes of durian valued at approximately USD3.85 billion was imported by China from Thailand. Thailand alone makes up slightly over 90% of China's total import of durian. Thailand's proximity and long-standing experience in exporting durian to China helped ensure its dominance in the Chinese durian market. Meanwhile, a total volume of 57,065 metric tonnes of durian valued at approximately USD236.8 million was imported by China from Vietnam. Vietnam's export of durian grew significantly in 2022 after China allowed the entry of fresh Vietnamese durian into its market. Finally, Malaysia on the other hand, accounts for a total volume of 1,839 metric tonnes of durian valued at approximately USD14.7million imported into China.

(Source: Protégé Associates)

4.4 Prospects and Outlook of the Durian Industry in China

Going forward, there is much optimism on the prospect and outlook of the durian industry in China. China's import of fresh durians almost doubled from 431,956 metric tonnes in 2018 to 824,855 metric tonnes in 2022, signalling a strong, growing interest for durians in the country. Factors boosting the growth within the durian industry in China is likely to come from the growing affluence of Chinese consumers thereby driving demand for durian. At the same time, changing consumer preferences whereby consumers are becoming more adventurous and willing to try fruits with distinct taste profile will spur consumption of durian in China. Meanwhile, the wide availability of durians and convenience of purchasing durian are also expected to boost demand for durian. Lastly, as consumers become more health-conscious, durian is fast becoming a delectable and nutritious choice and this augurs well for durian consumption in the country.

On the supply side, the domestic production of durian in China is still a work-in-progress and the harvested domestic durian is recorded at 2,450 tonnes as of June 2023, China continues to rely on imports to meet its growing demand for durian. Meanwhile, the implementation of the RCEP has created a favourable trade environment and increased market access for durian trades, thus China's durian industry is expected to benefit positively.

(Source: Protégé Associates)

Based on the PHG Group's unaudited financial statements for FYE 30 April 2023, it is evident that China stands as the primary export market for PHG Group. The China market contributed approximately RM78.0 million of PHG Group revenue, followed by Singapore market with approximately RM35.0 million and Europe market with approximately RM9.0 million.

(Source: Management of Hextar)

4.5 Overview, prospects and future plans of Hextar Group after Proposed Acquisitions

The Acquiree Companies are principally engaged in the trading, wholesale, export and plantation of durians. They are also involved in the processing of durians including producing durian paste, pulps and whole frozen fruits as well as a variety of tropical and subtropical fruits.

The Proposed Acquisitions are a new venture for Hextar that will enable the Group to enter into a new business segment to diversify the Group's businesses from the Existing Businesses. In the past, the Group has been in the agriculture industries as an agrochemical and fertiliser supplier. The Group intends to leverage its industry know-how and the network and relationships built with key suppliers and customers over the years to contribute to the Durian Business. As such, the Group expects the Proposed Acquisitions to contribute positively towards the Group's revenue and earnings.

For the Durian Business, the Company will be undertaking the trading and distribution of fresh durian (whole fruit) mostly for the local market, as well as frozen durian (pulp and paste or whole fruit) for the export markets, particularly in China. To kickstart the Durian Business, the Group has been negotiating with several foreign parties in order to gain access to wider market opportunities. With the financial strength and greater visibility of Hextar in the market, the PHG Group will be in a better position to source and negotiate larger volumes of supplies of durian and generating more revenue for the Group. The Group foresees that the Durian Business will benefit from the favourable prospects and outlook of the durian industries in Malaysia and China as set out in Sections 4.2 and 4.4. Barring any unforeseen circumstances, The Group anticipates that the Durian Business will begin contributing to the net profit of the Group immediately after the completion of the Proposals and the Group will be able to fully consolidate the profits of the Acquiree companies and separately disclose the profits attributable to the non-controlling interests in the statement of profit or loss and other comprehensive income of the Company.

Currently, Hextar Group does not have any plan or intention to undertake any major changes to the existing businesses and operations of the Acquiree Companies unless such changes are necessary to rationalise or streamline the business operation of the Acquiree Companies in order to improve the use of resources, staff productivity and operational efficiency. These may include any expansions, diversification of business, mergers, consolidations or disposal of assets. Notwithstanding the above, Hextar Group intends to have the flexibility to consider any options and opportunities, as and when they arise, as may be deemed fit and in the best interests of the Acquiree Companies. Premised on the above, the businesses and management of the Acquiree Companies are expected to continue to operate as usual and remain intact and continue as a going concern post-completion of the acquisition, save for the necessary changes required pursuant to any rationalisation and/or streamlining as mentioned above.

Apart from the impending incorporation of the Durian Business, Hextar Group will continue focussing on its efforts to expand the target markets for its agriculture and specialty chemicals segments while maintaining its local market leadership position. In addition, the Group is continually investing and developing its product ranges to produce higher value products to its customers and remain competitive in the respective markets. The Board, taking into account the plans and efforts undertaken by the Group, foresees that the Group's Existing Businesses will continue to grow and contribute positively to the Group.

(Source: Management of Hextar)

5 RISK FACTORS

5.1 Risk relating to the Proposed Acquisitions

The risk factors associated with the Proposed Acquisitions which are by no means exhaustive, are as follows:

(a) Non-completion of the Proposed Acquisitions

The completion of the Proposed Acquisitions is conditional upon the Condition For Completion of the SSA being satisfied. There is no assurance that such Condition For Completion will be satisfied within the timeframe stipulated in the SSA. In the event that the Condition For Completion is not satisfied, the Proposed Acquisitions may be delayed or terminated and all the potential benefits arising therefrom may not materialise in the event of termination of the SSA.

To mitigate such risk, the Company will take reasonable steps to ensure and/or procure that the Condition For Completion of the SSA are fulfilled within the stipulated timeframe and that every reasonable effort is made to fulfil the Condition For Completion in order to complete the Proposed Acquisitions in a timely manner.

(b) Regulatory risks, trade barriers and Quality Compliance

The prospects and profitability level of Hextar may be affected by any development in the regulatory environment of the markets in which it operates. Exporting durian to different countries involves complying with various international regulations and trade barriers. These may include import restrictions, customs duties, and labelling regulations. In addition, food processing businesses are required to fulfil various regulations and quality standards to ensure food safety and consumer protection. Compliance with these regulations, including labelling, packaging, and hygiene standards, can be complex and costly. Failure to meet these requirements can result in delays, additional costs, penalties, or even rejection of the product at the destination markets.

Nevertheless, the Company will ensure that it remains in compliance with all regulatory requirements, trade regulations and quality standards and will constantly keep abreast with the latest change in regulations to uphold compliance.

(c) Competition risk, market demand and pricing pressure

Hextar may face competition from existing competitors and/or new entrants providing the full range of services from collecting, processing, freezing and exporting durians. Such business operators operating a similar business with the PHG Group may be both local and/or regional.

In addition, market demand may be volatile due to, amongst others, changes in consumer preferences and economic conditions. In addition, market prices of durian may also be affected by the yield of durians harvest in each season where the price would rise when the harvest is low or during non-durian season, whereas prices would be relatively lower during durian season or over-supply in the market. This could lead to volatility in profit margins.

Nevertheless, the Company will continue to take proactive measures to remain competitive in this business by inter-alia, constantly keeping abreast with the latest market conditions, continuing efforts to maintain a competitive edge and ensuring a sustainable harvest of quality fruits.

(d) Seasonal availability risk

Hextar would face the seasonal availability issue as durian is a seasonal fruit, usually during June to October and December to January periods, with limited availability during specific times of the year. Thus, it would pose challenges for the Company in maintaining a consistent supply of durian for processing and exporting. Seasonal fluctuations would require the Company to adopt ahead the business strategies ahead with planning, storage facilities and effective logistics management to ensure a full year-round supply.

5.2 Risk relating to the Proposed Diversification

The risk factors associated with the Proposed Diversification which are by no means exhaustive, are as follows:

(a) Diversification risk

The Proposed Diversification would result in the diversification of our core business to include the Durian Business. Our Group will be facing new challenges and risks arising from our Durian Business venture, including but not limited to global and regional economic downturns, competition from existing players and entry of new players, socio-political stability and changes in the legal environmental framework within which the industry operates in.

Hextar seeks to mitigate the abovementioned risk by, amongst others, the following:

- (i) leveraging on the experience, skills and competencies of its existing key personnel to operate the Durian Business;
- (ii) conducting periodic reviews on the performance of the Durian Business; and
- (iii) adopting prudent financial management and efficient operating procedures to limit the impact of the abovementioned risks.

(b) Dependency on key personnel

The operations of the Durian Business will depend significantly on the ability, expertise and continued efforts of the Group's existing key personnel, as identified in Section 2.1 above, for the new Durian Business segment. Any loss of these key personnel without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel may have an adverse impact on its businesses.

The Company will adopt the appropriate approaches or measures such as offering competitive remuneration packages to retain such key personnel. In addition, to avoid over dependency on any key personnel, the Company will also strive to attract qualified and experienced employees to support the Durian Business by exploring opportunities to recruit such employees through measures such as engaging recruitment agencies and/or requesting for referrals from stakeholders in the industry including our existing suppliers and customers.

(c) Exposure to fluctuations in the foreign exchange rates

A significant number of the expected durian trading transactions are likely to be denominated in foreign currencies particularly the Renminbi and Singapore dollar. Transactions in foreign currencies are converted into ringgit for financial reporting purposes with the resulting exchange differences recorded in the consolidated statement of income. Thus, any unfavourable fluctuations in foreign exchange rates against the ringgit could adversely affect the financial performance of Hextar.

In order to mitigate the foreign currency risk, Hextar maintains a multicurrency account to hold foreign currencies for future payments on purchases to be transacted in foreign currencies and/or for future receipts from sales denominated in foreign currencies. Hextar will strive to constantly monitor its foreign currency exposure and will convert part of its cash into foreign currency as and when it is necessary based on the expected future timing of foreign currency denominated payments and/or receipts as well as the anticipated movement of the foreign exchange rate involved.

(d) Exposure to fluctuations in interest rates

Our Group will be exposed to increased interest rate risk because of the proposed use of interest bearing borrowings to finance the Proposed Acquisitions. As a portion of the Purchase Price of RM84,000,000 will be funded via interest bearing borrowings sourced externally from financial institution(s), the resulting borrowing cost incurred by our Group will be susceptible to fluctuations in interest rates. The borrowing cost is dependent on interest rates imposed by the financial institution(s) involved which in turn, are guided by prevailing monetary policy. An increase in interest rate imposed will lead to an increase in our Group's borrowing cost and vice versa. We intend to manage our interest rate risks by continuing our effort to source from various financial institutions which offer competitive interest rates as well as maintaining a mixture of fixed and floating rate borrowings.

(e) Financing risk

Our Group may not be able to secure the required financing from financial institution(s), especially on terms which are favourable to us, to fund the Proposed Acquisitions. Our Group's ability to obtain financing from financial institution(s) depends on various factors which include, but are not limited to, the perceived outlook and prospects of the durian industry in Malaysia and China, expected future results of the operations of the Durian Business, the conditions of the financial market, the performance of the Malaysian and Chinese economies and the continuing willingness of financial institutions to provide new loans. No assurance can be given that the required financing, either on a short-term or long-term basis, will be made available to our Group on terms favourable to us or at all. We intend to mitigate the financing risk by approaching various financial institutions including our existing financiers to secure the required financing at competitive terms.

6 EFFECTS OF THE PROPOSALS

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisitions and Proposed Diversification will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company as it does not entail any issuance of new Shares in the Company.

6.2 NA and gearing

For illustration purposes only, based on Hextar's latest audited consolidated financial statements for FYE 31 December 2022, the proforma effects of the Proposed Acquisitions on the consolidated NA, NA per share, and gearing of Hextar are shown below:

	Audited as at 31 December 2022	Subsequent events up to LPD	After the Proposed Acquisitions
	RM'000	RM'000	RM'000
Share capital	633,878	633,878	633,878
Treasury shares	(39,928)	(39,928)	(39,928)
Merger deficit reserve	(495,423)	(495,423)	(495,423)
Revaluation reserve	14,620	14,620	14,620
Exchange reserve	(1,375)	(1,375)	(1,375)
Retained profits	105,050	105,050	⁽²⁾ 103,682
Shareholders' funds/NA	216,822	216,822	215,454
Non-controlling interests	16,059	16,059	16,059
Total Equity	232,881	232,881	231,513
No. of shares	1,313,087,284	⁽¹⁾ 3,939,261,852	3,939,261,852
NA per Share (sen)	16.51	5.50	5.47
Borrowings (RM'000)	234,520	234,520	⁽³⁾ 284,520
Gearing (times)	1.01	1.08	1.23

Notes:

- (1) After adjusting for bonus issue of 2,626,174,568 new Shares in Hextar ("**Bonus Shares**") on the basis of 2 Bonus Shares for every 1 existing Share in Hextar.
- (2) After deducting estimated expenses of RM680,000 in relation to the Proposed Acquisitions and estimated loss of RM688,000 arising from disposal of Consumer Products Segment.
- (3) Assuming RM50,000,000 of the Purchase Price is funded through interest bearing borrowings.

For avoidance of doubt, the Proposed Diversification is not expected to have any immediate effects on the NA, NA per share and gearing of Hextar.

6.3 Earnings and EPS

Barring unforeseen circumstances, the actual impact of the Proposed Acquisitions on the consolidated earnings and EPS of Hextar Group moving forward will depend on, among others, the market and industry conditions and the integration of the Acquiree Companies' businesses into Hextar Group.

Upon completion of the Proposed Acquisitions, Hextar will fully consolidate the profits of the Acquiree Companies and separately disclose the profits attributable to non-controlling interests in the statement of profit or loss and other comprehensive income of the Company.

Nevertheless, the Proposals are expected to be earnings accretive and will contribute positively to the earnings of the Hextar Group for the financial year ending 31 December 2023 as the Proposed Acquisitions are expected to be completed by the fourth quarter of 2023.

For illustration purposes only, based on the latest audited consolidated financial statements of Hextar for FYE 31 December 2022, the pro forma effects of the Proposed Acquisitions on the earnings and EPS of the Group, assuming that the Proposed Acquisitions had been completed at the beginning of the financial period, is as follows:

	Audited as at 31 December 2022	Subsequent events up to LPD	After the Proposed Acquisitions
	RM'000	RM'000	RM'000
PAT attributable to the owner of Hextar	49,542	⁽⁵⁾ 52,710	⁽⁵⁾ 52,710
Add: Contribution from the Proposed Acquisitions ^{(1) (2) (3) (4)}	-	-	12,386
PAT attributable to the owner of Hextar	49,542	52,710	65,096
Less: Interest cost arising from the bank borrowings	-	-	⁽⁶⁾ (2,625)
Less: Estimated expenses for the Proposed Acquisitions (which are non- recurring in nature)	-	-	(680)
Pro forma PAT attributable to the owner of Hextar	49,542	52,710	61,791
No. of shares	1,313,087,284	⁽⁷⁾ 3,939,261,852	⁽⁷⁾ 3,939,261,852
EPS per Share (sen)	3.77	1.34	1.57

Notes:

- (1) Based on PEFFM's latest audited PAT of RM6,065,173 for the FYE 30 April 2022.
- (2) Based on PEFFTK's latest audited PAT of RM1,974,657 for the FYE 30 April 2022.
- (3) Based on PW&R's latest audited PAT of RM4,358,614 for the FYE 30 April 2022.
- (4) Based on PEFP's latest audited LAT of RM12,371 for the FYE 30 April 2022.
- (5) After adjusting for the contribution from the acquisition of Hextar Industrial Chemicals Sdn Bhd based on the latest audited PAT of RM2,641,231 for the FYE 31 December 2022, and the profit of RM527,000 arising from the divestment of Halex Woolton (M) Sdn Bhd and Halex Marketing Sdn.
- (6) Assuming the Group is able to procure RM50,000,000 financing from the existing licensed financial institution, for the Proposed Acquisitions at an indicative interest rate per annum of 5.25%.
- (7) After adjusting for issuance of Bonus Shares on the basis of 2 Bonus Shares for every 1 existing Share in Hextar.

6.4 Convertible securities

As at the LPD, the Company does not have any convertible securities.

6.5 Dividends

Hextar currently does not have a dividend policy.

Future dividends payable would depend on inter-alia, the future financial performance of Hextar and its cash availability taking into consideration its working capital requirements, capital expenditure and business expansion plans.

7 APPROVALS REQUIRED

The Proposals are subject to and conditional upon approvals being obtained from the following:

- (a) approval of the shareholders of Hextar for the Proposals at the EGM to be convened; and
- (b) any other relevant authorities and/or parties, if required;

7.1 Inter-conditionality

Each component of the Proposals is inter-conditional upon each other. The Proposals are not conditional upon any other corporate proposals that have been announced and/or pending implementation by the Company.

8 HIGHEST PERCENTAGE RATIO

Based on the Audited Financial Statements for the FYE 31 December 2022, the highest percentage ratio pursuant to Paragraph 10.02(g) of the MMLR of Bursa Securities, applicable to the Proposed Acquisitions is 38.74%, computed based on the Purchase Price compared to the NA of Hextar as at 31 December 2022.

9 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive of Hextar and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.

Save as disclosed below, none of the Directors, major shareholders and chief executive of Hextar and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisitions.

Lye Foong Ming, who is a Director and shareholder of PHG Sun Hill, has 49% indirect interest in HFSB pursuant to Section 8 of the Companies Act 2016, by virtue of her shareholdings in PHG Sun Hill. As at LPD, she does not hold any Hextar's shares and does not sit on the Board of Hextar.

Lye Foong Ming is a shareholder of PEFG with direct interest of 3% in PEFG. She is also a director of PEFP and has indirect interest in PEFP by virtue of her interest in PEFG. In addition, she is the daughter of Lye Wee Ken.

For avoidance of doubt, Lye Foong Ming does not have any relationship with the directors and substantial shareholders of Hextar.

The persons connected to Lye Foong Ming are disclosed as follows:

- (i) Lye Wee Ken is a director of PEFG, PEFFM, PEFFTK and PEFP. He is a shareholder of PEFG with direct interest of 17.93% in PEFG. He is also a shareholder of PEFP with direct interest of 8.1% in PEFP and indirect interest by virtue of his interest in PEFG as at LPD. In addition, he is the father of Lye Foong Ming;
- (ii) Lye Wee Tin is a director of PEFG, PEFFM and PW&R. He is a shareholder of PEFG holding direct interest of 10.82%. He is also a shareholder of PEFFM by virtue of his indirect interest of PEFG. In addition, he is the uncle of Lye Foong Ming and brother of Lye Wee Ken;
- (iii) Lye Man Seng is a shareholder of PEFG holding direct interest of 2.00% in PEFG. He is a brother of Lye Foong Ming; and
- (iv) Yau Shee Min is a director of PEFFM, PEFP and PEFG. He is a shareholder of PEFG holding direct interest of 6.90%. In addition, he is the uncle of Lye Foong Ming.

As such, the above persons are deemed interested in the Proposed Acquisitions. They will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolutions pertaining to the Proposed Acquisitions at the forthcoming EGM.

Accordingly, the Interested Parties will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolutions pertaining to the Proposed Acquisitions at the forthcoming EGM.

The Proposed Acquisitions are regarded as related party transactions and fall under Paragraph 10.08(9) of the Listing Requirements. Accordingly, the Company is exempted from appointing an independent adviser and obtaining shareholders' approval for the related party transaction. However, as the highest percentage ratio is 38.74% pursuant to Section 8 of the Circular, the Proposed Acquisitions are subject to the approval of the shareholders of the Company pursuant to Paragraph 10.07 of the Listing Requirements.

Save for the Proposed Acquisitions, Hextar and the Vendors have not entered into any transactions between themselves in the 12 months preceding the LPD.

10 AUDIT COMMITTEE'S STATEMENT

The Audit Committee after having considered all aspects of the Proposed Acquisitions, including all rationale, justification of arriving the Purchase Consideration, outlook, prospects, salient terms of the SSA and risks in relation to the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are:

- (i) in the best interest of Hextar;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of Hextar.

11 DIRECTORS' STATEMENTS AND RECOMMENDATION

After considering all aspects of the Proposals, including the rationale and benefits, justification of arriving at the Purchase Price and prospects of the PHG Group, the Board is of the opinion that the Proposals are:

- (i) in the best interest of Hextar;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of Hextar.

Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions in relation to the Proposals to be tabled at the forthcoming EGM.

12 ADVISER

M&A Securities has been appointed as the Principal Adviser for the Proposed Diversification. For avoidance of doubt, M&A Securities has not been appointed as the Adviser for the Proposed Acquisitions.

13 OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save for the Proposed Acquisitions and the Proposed Diversification, as at LPD, there are no other outstanding proposals announced but pending implementation.

14 ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all required approvals being obtained as well as fulfilment and/or waiver of all Condition for Completion detailed in the SSA, the Proposed Acquisitions are expected to be completed in the fourth quarter of 2023.

The details of the tentative timeline are set out below:

Tentative timeline	Events
26 October 2023	EGM
End-December 2023	Completion of the Proposed Acquisitions

The Proposed Diversification will take immediate effect upon obtaining the approval of Hextar's shareholders at the forthcoming EGM to be convened.

15 EGM

The EGM, notice of which is enclosed in this Circular, to be held virtually from Hextar Global Berhad's Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia as the Broadcast Venue and via TIIH Online website at <https://tiih.online> (Domain Registration No. with MYNIC: D1A282781) on **Thursday, 26 October 2023 at 10.00 a.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposed Acquisitions.

If you decide to appoint proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote on your behalf at the EGM are requested to complete, sign and return the original Form of Proxy 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 its 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 EGM. The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the EGM should you subsequently wish to do so.

16 FURTHER INFORMATION

Please refer to the Appendix XI for further information.

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

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



16 August 2023

Hextar Global Berhad
64, Jalan Bayu Laut 4/KS09
Bandar Bayuemas
41200 Klang
Selangor

Attn: Board of Directors

Eco Asia Capital Advisory Sdn Bhd

[Registration No. 201801022562 (1284581-H)]

Lot 1904, 19th Floor

Tower 1, Faber Towers

Jalan Desa Bahagia

Taman Desa

58100 Kuala Lumpur

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Fax: 03-7972 1821

Dear Sirs,

FAIRNESS OPINION ON THE PURCHASE PRICE OF THE PROPOSED 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 A 55% EQUITY INTEREST IN PHG EVER FRESH PLANTATION SDN BHD (“PEFP”) (COLLECTIVELY KNOWN AS “PHG GROUP” OR “THE GROUP”) BY HEXTAR FRUITS SDN BHD (“HFSB”), A 51% OWNED SUBSIDIARY OF HEXTAR GLOBAL BERHAD (“HEXTAR”), FOR A TOTAL CASH CONSIDERATION OF RM84.00 MILLION (“PROPOSED ACQUISITION”)

1. INTRODUCTION

Eco Asia Capital Advisory Sdn Bhd (“**Eco Asia**”) was appointed by the Board of Directors (“**Board**”) of Hextar Global Berhad (“**Hextar**” or the “**Company**”) to provide an evaluation on the fairness of the total purchase price of the Proposed Acquisition amounting to RM84.00 million (“**Purchase Price**”).

The Purchase Price shall be payable in the following manner:

No	Company	Percentage Shareholding	Deposit RM'000	Second Payment RM'000	Third Payment RM'000	Fourth Payment RM'000	Total Purchase Price RM'000
1.	PEFFM	100%	4,000	10,300	23,700	2,000	40,000
2.	PEFFTK	100%	400	900	2,400	300	4,000
3.	PW&R	100%	3,000	7,700	17,900	1,400	30,000
4.	PEFP	55%	1,000	2,700	6,000	300	10,000
			8,400	21,600	50,000	4,000	84,000

- upon signing of the conditional share sale agreement (“**SSA**”), HFSB shall pay RM8.40 million to the vendors of PHG Group, being refundable deposit (“**Deposit**”);
- within seven (7) working days from the unconditional date of the SSA, HFSB shall pay RM21.60 million to the vendors of PHG Group (“**Second Payment**”);
- Ninety (90) days from the date of the Second Payment, RM50.00 million shall be paid to the vendors of PHG Group (“**Third Payment**”); and
- on or before the expiry of twelve (12) months from the date of the SSA, HFSB shall pay RM4.00 million to the vendors of PHG Group (“**Fourth Payment**”).



1. INTRODUCTION (CONT'D)

This report (“**Report**”) has been prepared for the use by the Board and inclusion into the circular to shareholders of Hextar in relation to the Proposed Acquisition (“**Circular**”). This Report must be read in conjunction with the limitation and restrictions set out in paragraph 4 and 5 below respectively and the key bases of the valuation set out in paragraph 7.1 below.

2. SOURCES OF INFORMATION

In preparation of this Report, Eco Asia has relied on the following sources of information and documents:

- (i) Audited financial statements for the financial year ended 30 April (“**FYE**”) 2022 and unaudited financial statements for the FYE 2023 of the respective company within PHG Group;
- (ii) Other relevant information, documents, representation and explanation furnished to us by the directors and management of Hextar and PHG Group (collectively referred to as “**the Management**”);
- (iii) Announcement from PLS Plantation Berhad in relation to the proposed acquisition of Dulai Fruits Enterprise Sdn Bhd dated 9 October 2018;
- (iv) Financial data of the comparable public listed and private limited companies extracted from S&P Capital IQ, a platform that provides financial data, company performance data, market insights which is similar to Bloomberg;
- (v) Searches on the respective company within PHG Group from Companies Commission Malaysia (“**CCM**”); and
- (vi) Other publicly available information in respect of the industry that PHG Group is involved in.

3. DATE OF OPINION

The date of our opinion is 16 August 2023 (herein also referred to as the “**Date of Opinion**”).

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4. SCOPE AND LIMITATION TO THE EVALUATION

Eco Asia was not involved in the formulation of the Proposed Acquisition or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition. Our scope is limited to expressing an opinion on the fairness of the Purchase Price of PHG Group to the Board and shareholders of Hextar based on the information and documents made available to us as mentioned in paragraph 2 above.

Our role does not extend to us expressing an opinion on the commercial merits of the Proposed Acquisition. The assessment of the commercial merits of the Proposed Acquisition is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. Further, our terms of reference do not include us rendering an expert opinion on the legal, accounting and taxation issues relating to the Proposed Acquisition.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the Management to exercise due care to ensure that all information and documents as mentioned above and that all relevant facts, information and representations necessary for our assessment have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. This includes carrying out reasonableness checking and/or corroborating documents prepared by and/or signed off by independent parties where possible.

Our procedures and inquiries do not include any verification work that constitutes an audit on the information that we have relied upon in preparing this Report. Accordingly, we issue no warranty or any other form of assurance as to the accuracy or completeness of the information provided by the Management.

We have not undertaken an independent investigation into the business of PHG Group. Based on the above and from our review of the relevant documents provided by the Management, we are satisfied that the information and documents provided to us by the Management are sufficient and we have no reason to believe that any such information provided to us are untrue, inaccurate or misleading or the disclosure of which might reasonably affect our assessment as set out in this Report.

The Directors of Hextar have individually and collectively, accept full responsibility to all material facts, financial and other information contained in this Report, and for the accuracy of the information in respect of the Proposed Acquisition (save for those in relation to our evaluation and opinion) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein incomplete, false and/or misleading.

It should be noted that the evaluation in itself is highly dependent on, amongst others, the prevailing economic, market and other conditions that may change significantly over a relatively short period of time. It should also be highlighted that the evaluation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the valuation was based. As such, the adoption of such bases and assumptions does not imply that we warrant their validity or achievability.

No representation or warranty, whether expressed or implied, is given by Eco Asia that the information and documents provided will remain unaltered subsequent to the issuance of this Report.



5. RESTRICTIONS

This Report is prepared strictly and solely for the use by the Board and for the inclusion into the Circular. It is not intended for general circulation in whole or in part. Accordingly, we shall not be responsible or liable for any losses or damages as a result of reliance by any party contrary to the provision set out in this Report or our engagement letter.

Save for the purpose stated herein, this Report cannot be relied upon by any party other than the Board, Hextar and its shareholders. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or used of, or reliance on this Report, in whole or in part.

Neither Eco Asia nor any of its partners, principals, directors, shareholders, agents or employees undertake responsibility arising in any way whatsoever to any person other than Hextar in respect of this Report, including any error or omission therein, however caused. We are under no obligation to update our Report in respect of any events or information that come to our attention subsequent to the Date of Opinion.

6. BACKGROUND INFORMATION OF PHG GROUP

The background information of PHG Group is summarised as follows:

Company Name	Incorporation Date	Paid-up Share Capital RM'000	Principal Activities
PEFFM	13/06/2014	2,500	Trading of durian paste and durian.
PEFFTK	30/04/2020	1,000	Wholesale and manufacturing of fruits and vegetables food products.
PW&R	04/08/2020	2,000	Wholesale of fruits and variety of goods.
PEFP	28/08/2020	2,400	Growing and wholesale of durian as well as other tropical and subtropical fruits.

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7. VALUATION

7.1 Basis of Valuation

The basis of our valuation is the fair market value which is defined as the arms' length price at which such assets would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered as market value if it was influenced by special motivation or characteristic of a typical buyer or seller.

The range of values that we have estimated is based on a going concern use and not, for example, on the break-up value of the business.

7.2 Method of Valuation

We took into consideration the nature of asset and the business of PHG Group in determining the most appropriate methods of valuation amongst the following commonly used valuation methodologies in equity valuation: -

Valuation Methodologies	Discussion
Relative Valuation Approach ("RVA")	<p>RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the company's financial worth. General acceptable metric considered under the RVA are as follows:</p> <ol style="list-style-type: none"> Price-to-Earnings ("PE") Multiple: estimates a company's market value based on its PAT relative to its peers. This metric was not adopted for this valuation as majority of the comparable companies selected are in loss making position, which resulted in negative PE. Enterprise Value ("EV")/ Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") Multiple: estimates the market value of a company's business relative to its historical pre-tax operation performance, with regard to the company's capital structure. Similarly, this metric was not adopted due to the negative financial performance of the comparable companies. Price-to-Book ("PB") Multiple: values a company based on the value of its assets, net of all liabilities at a specific point in time and it indicates the premium which investors are willing to pay to invest in a company compared to its book value. We have adopted the PB Multiple as our primary valuation metric as it provides a fairly stable measure of value which can be compared to the market price. This metric was also adopted due to the negative earnings of comparable companies which restricted the use of other earnings-related metric.



7.2 Method of Valuation (Cont'd)

Valuation Methodologies	Discussion
Net Asset Valuation (“NAV”) / Revalued Net Asset Valuation (“RNAV”)	NAV/RNAV is not adopted for this valuation as it may not reflect the potential value of PHG Group since this valuation method focus on the book value of the company without taking into consideration the premium which investors are willing to pay.
Comparable Transaction Analysis (“CTA”)	CTA seeks to compare against other comparable transactions undertaken by companies listed on local and/or regional stock exchanges that had entered into proposed acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past. We have adopted CTA as our secondary valuation metric.
Discounted Free Cash Flow to Equity (“FCFE”)	<p>FCFE valuation method was not adopted as this is more appropriate for companies with a set of projected cash inflow and outflow that can be estimated with a high level of certainty.</p> <p>At this point, it is difficult for the Management to accurately project the future cashflow of PHG Group as substantial portion of PHG Group’s revenue is derived from the trading of durians which are sourced from farmers. Sales and purchases of these durians are based on spot terms and there is no long-term contract entered with its customers and suppliers.</p>

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7.3 Valuation Results

7.3.1 RVA - PB Multiple

Based on the RVA, the indicative valuation of PHG Group is determined based on the valuation metrics of selected comparable companies which are broadly comparable to PHG Group.

We have selected the comparable companies based on the following criteria:

- (i) Principally operating in the growing, trading and processing of durian and/or other fruits; and
- (ii) Due to limited comparable companies listed on Bursa Malaysia Securities Berhad (“**Bursa Securities**”), we have also selected comparable companies which are listed in Singapore (Singapore Stock Exchange (“**SGX**”)) and Thailand (The Stock Exchange of Thailand (“**SET**”)).

It should be recognised that there is no company which is considered to be identical to PHG Group in terms of, among others, composition of business activities, scale of business operation, asset base, accounting and tax policies, risk and financial profile, profit track record, capital structure, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

In addition, the selection of the comparable companies is highly subjective and judgmental in view that the comparable companies may not be entirely comparable to PHG Group due to various factors such as geographical factors, product market segment, client base and technical know-how. It should be noted that any comparison made with respect to the comparable companies is merely to provide an indicative current market expectation with regards to the implied valuation range of PHG Group.

Based on the selection criteria above, we have identified all comparable companies (“**Comparable Companies**”) which fulfilled the selection criteria as follows:

Comparable Companies	Listed on	Principal Activities	⁽¹⁾ Market Capitalisation
DSR Taiko Berhad (“ DSR ”)	Bursa Securities LEAP Market	Involved in full spectrum of the durian agribusiness ranging from upstream (durian plantation and retailing) to downstream (production and distribution of durian-based products).	RM297.09 million
Carzo Holdings Berhad (“ Carzo ”)	Bursa Securities LEAP Market	Involved in distribution and retail of local and imported fresh fruits as well as processing and retail of fruit products.	RM57.25 million
Siam Food Products Plc (“ Siam Food ”)	SET	Involved in processing and export of pineapple products and other tropical fruits products under the company’s brand “Siam Food” or under customers’ own brands. Siam Food owns a pineapple plantation and cannery in Chonburi, Thailand.	⁽²⁾ RM1.21 billion (THB9.20 billion)



7.3 Valuation Results (Cont'd)

7.3.1 RVA - PB Multiple (Cont'd)

Comparable Companies	Listed on	Principal Activities	⁽¹⁾ Market Capitalisation
Sunmoon Food Company Limited (“Sunmoon”)	SGX Mainboard	Involved in sourcing, processing, refrigeration, packing and distribution of fruits, vegetables and other agricultural products.	RM63.23 million (SGD18.07 million)
Tipco Foods Public Company Limited (“Tipco”)	SET	Involved in processing and export of pineapple products.	RM622.53 million (THB4.75 billion)

Note:

- (1) Extracted based on the closing share prices as at the Date of Opinion. Converted to RM based on the exchange rate quoted from Bank Negara Malaysia website as at the Date of Opinion of THB100 : RM13.1073 and SGD1 : RM3.4117.
- (2) Based on the closing share price on 19 July 2023, being the last trading day of Siam Food before being delisted.

PB Multiple of the Comparable Companies are as follows: -

Comparable Companies	Market Capitalisation (RM'000)	⁽¹⁾ NA (RM'000)	PB Multiple (Times)
DSR	297,094	48,184	6.17
Carzo	57,248	5,208	⁽²⁾ 10.99
Siam Food	1,205,610	243,210	⁽³⁾ -
Sunmoon	63,229	17,604	3.59
Tipco	622,528	568,954	1.09
		Median	3.59
		Average	3.62

Notes:

- (1) Extracted from the Comparable Companies' latest audited report or the latest available quarterly/ half yearly financial results announcement published on the Bursa Securities, SGX or SET as follows: -

Comparable Companies	Latest Financial Period
DSR	As at 31 December 2022
Carzo	As at 31 December 2022
Siam Food	As at 31 March 2023
Sunmoon	As at 31 March 2023
Tipco	As at 30 June 2023



7.3 Valuation Results (Cont'd)

7.3.1 RVA - PB Multiple (Cont'd)

Notes (Cont'd):

The financial results are then converted to RM based on the exchange rates quoted from Bank Negara Malaysia website as at the Date of Opinion of THB100 : RM13.1073 and SGD1 : RM3.4117.

- (2) Deemed as outlier and has been excluded from the computation of median and average PB Multiple as it is significantly higher than the PB Multiple of other Comparable Companies.
- (3) Excluded from the computation of median and average PB Multiple as it has been delisted after 19 July 2023.

Based on the median and average PB Multiple of the Comparable Companies, the indicative value of PHG Group is as follows:

	Based on Median PB Multiple (RM'000)	Based on Average PB Multiple (RM'000)
Minimum agreed NA of PHG Group as at 30 April 2023	24,196	24,196
(+) Indicative fair value of biological assets ⁽¹⁾	2,839	2,839
	27,035	27,035
Median/ Average PB Multiple of Comparable Companies (times)	3.59	3.62
Valuation of PHG Group	97,056	97,867

Note:

- (1) The unaudited NA of PHG Group as at 30 April 2023 does not take into consideration the fair value of the durian trees planted on the 24.8 acres of durian plantation located at Raub, Pahang. Based on the MPERS Section 34 or MFRS 141 Biological Asset, the fair value of fruit bearing plant is measured at the end of the financial year based on the fair value of the fruit less cost to sell. The indicative fair value of biological assets is computed based on the following parameters provided by the Management of PHG Group:

Number of durian trees (a)	: 1,126
Maturity of durian trees	: All trees are matured and fruit bearing
Average durian per tree (b)	: 150 pieces
Average weight of one durian (c)	: 1.5kg
Average selling price per durian (d)	: RM25.00
Cost to sell (e)	: Total direct cost recognised in PEFP for FYE 2023 amounting to RM1.17 million
Indicative fair value of biological assets	: Computed as [(a) x (b) x (c) x (d)] – (e) = RM5.16 million

The abovementioned durian plantation is a fixed asset of PEFP. As HFSB is only acquiring 55% equity interest in PEFP, the indicative fair value of the biological assets at 55% equity interest is RM2.84 million.



7.3 Valuation Results (Cont'd)

7.3.2 CTA

We have conducted searches on precedent transactions for the past five 5 years and noted the following comparable transaction:

Purchaser name	: Brighthill Synergy Sdn Bhd, a wholly owned subsidiary of PLS Plantation Berhad (“ PLS ”)
Target company	: Dulai Fruits Enterprise Sdn Bhd (“ Dulai ”)
Principal activities of target company	: Involved in durian plantation, production of fresh whole fruits and frozen durian for local and export market and supply durian paste for dessert market
Purchase price	: RM21.00 million for 70.0% equity interest in Dulai (RM3.00 million in cash for subscription of new shares in Dulai and RM18.00 million to be satisfied via issuance of PLS Shares)
Profit guaranteed by vendor	: A total of RM 10.00 million over 3 years
Implied PE Multiple	: 9.00 times
Share sale and purchase agreement date	: 9 October 2018

The implied PE Multiple of PHG Group is computed as follows:

	(RM'000)
Purchase Price for PHG Group	84,000
(÷) Unaudited combined PAT of PHG Group for the FYE 2023 ⁽¹⁾	10,179
Implied PE Multiple (times)	8.25

Note:

- ⁽¹⁾ Taking into account 100% unaudited PAT of PEFFM at RM3.54 million, PEFFTK at RM0.89 million and PW&R at RM6.15 million and 55% unaudited loss after tax ("LAT") of PEFP at RM0.40 million for the FYE 2023.

The implied PE Multiple of PHG Group at 8.25 times is lower than the PE Multiple of the comparable transaction at 9.00 times.



8. CONCLUSION

Based on the selected methods of valuation, although the Purchase Price is not within the valuation range of the Comparable Companies, we are of the opinion that the Purchase Price of PHG Group is fair for Hextar due to the following:

- (i) The Purchase Price falls below the valuation range of **RM97.06 million** and **RM97.87 million** based on the median and average PB Multiple valuation method; and
- (ii) The implied PE Multiple of PHG Group at **8.25 times** is lower than the PE Multiple of the comparable transaction at 9.00 times under the CTA valuation method.

These values are limited by the approaches as outlined in paragraph 7.2 above and any reference to the values will have to be read in the context of the approaches used in the valuation as well as the basis of the valuation as detailed in paragraph 7.1.

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgment. Because of the susceptibility of valuation inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook. These values represent the range that a well-informed general investor may pay. The final price of PHG Group will reflect the specific circumstances of the buyer and seller, their perceptions of business and market factors as at the point of execution.

Yours faithfully,
For and behalf of
Eco Asia Capital Advisory Sdn Bhd

A handwritten signature in black ink, appearing to read 'Kelvin Khoo'.

Kelvin Khoo
Managing Director

APPENDIX II – SALIENT TERMS OF THE SSA

The salient terms of the SSA include the following:-

(a) Manner of Payment of Purchase Price

- (1) upon signing of this Agreement, the Purchaser shall pay RM8,400,000 being refundable deposit ("First Payment") to the Vendor;
- (2) within seven (7) working days from the Unconditional Date, the Purchaser shall pay to the Vendor RM21,600,000 ("Second Payment");
- (3) within Ninety (90) days from the date of the Second Payment, RM50,000,000 shall be paid to the Vendor ("Third Payment").
- (4) on or before the expiry of 12 months from the date of this Agreement, the Purchaser shall pay to the Vendor RM4,000,000 ("Fourth Payment").

(b) Adjustment of consideration

If the Group NA is less than RM24,195,892 as per the audited accounts of the Companies on the Completion Date, then the Purchase Consideration shall be adjusted accordingly by deduction from the Purchase Consideration ("Adjusted Sum"). The Purchaser shall either deduct the Adjusted Sum from either the Third Payment or Fourth Payment or the Vendor shall pay the Adjusted Sum within seven (7) Business Days from the notification in writing issued by the Purchaser.

(c) Conditions For Completion

The obligations of the Vendor to sell and the Purchaser to purchase the Sale Shares are conditional upon the following conditions for completion being fulfilled prior to the Completion Date of 120 days from the date of the SSA ("**Cut-Off Date**"):

- (a) the Vendor having obtained all necessary written approvals, notifications or waivers from the following third parties (including financiers of the Group Companies, if any) for the sale and transfer of the Sale Shares to the Purchaser, and the change of shareholding, directorship and management in the Company;
- (b) the Purchaser having obtained its shareholders' approval, including the approval from Hextar, if required, for the execution of this Agreement and the purchase of the Sale Shares from the Vendor subject to the terms and conditions of this Agreement;
- (c) the Purchaser's shareholder's shareholders and Hextar obtained all necessary written approvals, notifications or waivers from relevant third parties (including financiers of the shareholders, if any) for the purchase of the Sale Shares from the Vendor subject to the terms and conditions of this Agreement;
- (d) the Purchaser's shareholders and Hextar to procure and obtain all approvals, consents and sanctions (government, regulatory, third party or otherwise), if required, for the purchase of the Sale Shares from the Vendor upon the terms and conditions of this Agreement; and
- (e) the Purchaser is satisfied with the legal and financial due diligence exercises conducted on the Group Companies and the legal and financial due diligence exercises does not reveal any material and adverse findings which will materially and adversely affect the Group Companies.

APPENDIX II – SALIENT TERMS OF THE SSA (Cont'd)

If the Condition For Completion has not been satisfied by the Cut-Off Date, the SSA, unless agreed by the Parties, the extended period may be further extended or be rescinded by the Parties by written notice to the other Party and the First Payment shall be refunded to the Purchaser.

The SSA shall become unconditional upon satisfaction or fulfilment of all Condition For Completion.

(d) Termination or rescission

The SSA shall continue and remain in full force and effect unless terminated or rescinded pursuant to the following:

- (i) by mutual written agreement of the Parties;
- (ii) by the Vendor if the Condition For Completion is not fulfilled;
- (iii) there is a breach of any material terms or conditions of the SSA which breach cannot be remedied and if such breach is capable of being remedied, the non-defaulting party has given a written notice to the defaulting party to remedy the same a minimum of thirty (30) days from the date of the notice ("**Remedy Period**") and the defaulting party has failed to remedy the said breach to the non-defaulting party's satisfaction during the Remedy Period; or
- (iv) there is a material breach of any representations or warranties on or before the completion date of the sale and purchase of the Sale Shares ("**Completion date**") which breach cannot be remedied and if such material breach is capable of being remedied, the non-defaulting party has given a written notice to the defaulting party to remedy the same within Remedy Period and the defaulting party has failed to remedy the said breach to the non-defaulting party's satisfaction during the Remedy Period,

"**Completion date**" means the date upon the Second Payment is made or such other date or time as may be mutually agreed between Parties in writing,

- (v) by the non-defaulting party a written termination notice to the defaulting party if any of the defaulting party, prior to Completion:
 - A. is or becomes unable to pay its debts within the meaning of the Companies Act or any other legislation regarding insolvency of the jurisdiction in which it carried on business;
 - B. enters into (pursuant to an order made by the court) any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
 - C. is faced by an order by the court is made for the winding up or dissolution;
 - D. is faced by a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking;
 - E. ceases or threatens to cease carrying on a substantial portion of its business.
- (vi) by the Vendor in accordance with the Maximum Claim of Schedule 6 of the Limitation of Liability.

APPENDIX II – SALIENT TERMS OF THE SSA (*Cont'd*)

(a) In the event any of the Purchasers or Vendor becomes entitled to terminate this Agreement pursuant to the above but fails to exercise this right, it shall not constitute a waiver of any other rights of the Purchasers or Vendor to recover damages, losses or costs whatsoever that it may have suffered from the other Parties in connection with or arising from the event or circumstance or combination of events or circumstances giving rise to such right of termination.

(b) Specific performance

any Party will be at liberty to take such action in law as may be necessary to compel the other Parties by way of specific performance to complete the sale or purchase in accordance with the provisions of this Agreement.

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APPENDIX III – INFORMATION ON PEFFM

1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF PEFFM

PEFFM was incorporated in Malaysia on 13 June 2014 under the Act. PEFFM commenced its operation on 13 June 2014 and is principally engaged in the business of wholesale trading, distribution and export of durians and durian-related products, it is located at Sungai Klau, Raub Pahang, Malaysia. PHG also possesses government hygienic specification certificates and international authoritative certificates. Accreditations held by PEFFM include Good Manufacturing Practice (GMP), HALAL certification, Hazard Analysis Critical Control Points (HACCP), Inspection and Quarantine of the People's Republic of China (AQSIQ), Malaysian Good Agricultural Practice Certification (MyGAP) and Makanan Selamat Tanggungjawab Industri Certification (MESTI).

The founder, Dato' Lye Wee Ken has been operating in the durian industry for more than 30 years. PHG Group have developed synergies among the companies within the Group whereby PEFFM is the main company trading durians in global markets, both PEFFTK and PW&R procure durians with farmers and PEFP is involved in durian plantation. Its durian processing factory is located in Raub and is equipped with facilities such as advanced liquid nitrogen freezers and cold storage which are able to keep the durians fresh and preserved for export purposes.

1.1. Principal revenue segments

PEFFM is principally engaged in the business of durian, durian processing, durian pulp and durian paste which contributed 100% to PEFFM's total revenue for FYE 2020, FYE 2021, FYE 2022 and unaudited FYE 2023.

1.2. Principal products' markets

The principal products' markets of PEFFM for the past 3 audited financial years up to the FYE 30 April 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited				Unaudited	
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Domestic	7,653	45.00	51,563	49.23	34,337	33.76
Foreign ^	9,354	55.00	53,177	50.77	67,360	66.24
Total	17,007	100.00	104,740	100.00	101,697	100.00
					111,131	100.00

Note:

^ Export sales to China, Singapore, United States, Australia and New Zealand.

APPENDIX III – INFORMATION ON PEFFM (Cont'd)

1.3. Key sources of supplies

The key sources of supplies of PEFFM for the past 3 audited financial years up to the FYE 30 April 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited				Unaudited	
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
FEFTK	-	-	1,076	3.41	10,864	13.55
PW&R	-	-	21,606	68.46	54,318	67.74
3 rd Party	12,679	100.00	8,877	28.13	15,000	18.71
Total	12,679	100.00	31,556	100.00	80,182	100.00
					87,931	100.00

1.4. Production capacity

(a) Details of plant

Location of the plant	Main types of activities carried out	Size
No. 29, Taman Sungai Klau Raub, 27630 Pahang.	Processing of durian to frozen whole fruits, durian pulp and durian paste	Land area: 76,736 square feet Build-up area: 37,768 square feet

(b) Annual production capacity and output

Capacity per annum ⁽¹⁾	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Maximum production (metric ton)	31,200	31,200	31,200	31,200
Actual production (metric ton)	500	1,180	1,938	1,950
Production utilisation (%)	1.60	3.78	6.21	6.25

Note:

(1) Maximum production capacity and utilisation rate are calculated on the capacity of nitrogen frozen machine x 8 hours shift per day x 365 days

APPENDIX III – INFORMATION ON PEFFM (Cont'd)

1.5. Assets owned

As at unaudited financial statement FYE 30 April 2023, the assets owned by PEFFM are, amongst others, factory land & building, machinery, equipment and motor vehicles are as follows:

Assets	Net book value RM'000
Factory building and renovation [#]	5,319
Machinery & equipment	4,820
Computer & software	261
Fire alarm system	55
Motor vehicles	934
Furniture & fittings	119
Office equipment	104
Tools & equipment	922
Freehold Agriculture land	568
CCTV and Signboard	21

[#] Refer section 1.4 (a) for the size of the factory land and building.

2. SHARE CAPITAL

As at LPD, the issued share capital of PEFFM is RM2,500,000 comprising 2,500,000 PEFFM Shares.

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APPENDIX III – INFORMATION ON PEFFM (Cont'd)

3. SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the substantial shareholders, directors and their respective shareholding in PEFFM as at the LPD are as follows:

Name	Designation	Country of Incorporation/ Nationality	<-----Direct----->		<-----*Indirect----->	
			No. of PEFFM Shares Held	%	No. of PEFG Shares Held	%
PEFG	Corporate Shareholder	Malaysia	2,500,000	100.00	-	-
Leong Kam Yau	Director	Malaysian	-	-	204,050	20.41
Lye Wee Tin	Director	Malaysian	-	-	108,200	10.82
Leong Si Kin	Director	Malaysian	-	-	202,700	20.27
Lye Wee Ken	Director	Malaysian	-	-	179,250	17.93
Loo Hoong Fatt	Director	Malaysian	-	-	50,400	5.04
Yau Shee Min	Director	Malaysian	-	-	69,000	6.90
Total			2,500,000	100.00	813,600	81.37

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFFM.*

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

PEFFM does not have any other subsidiaries or associate companies.

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APPENDIX III – INFORMATION ON PEFFM (Cont'd)

5. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF PEFFM

A summary of the financial information of PEFFM for the past 3 audited financial years up to the FYE 30 April 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited			Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	17,007	104,740	101,697	111,131
Gross Profit	5,097	11,842	12,733	13,172
PBT	3,127	7,876	8,251	4,783
PAT	2,358	5,906	6,065	3,539
Share capital	144	1,000	1,000	2,500
Shareholders' funds/NA	4,852	11,614	16,679	18,818
Total borrowings	2,110	4,060	3,259	5,713
Financial Ratio				
No. of shares	144,006	1,000,002	1,000,002	2,500,000
NA per share (RM)	33.69	11.61	16.68	7.53
EPS (RM)	16.37	5.91	6.07	1.42
Gearing (times)	0.43	0.35	0.20	0.30
Current ratio	1.27	1.52	1.87	1.83

The audited financial statements of PEFFM have been prepared in accordance with MPERS. Upon completion of the Proposed Acquisitions, PEFFM will be consolidated into the Hextar Group and its financial statements will be prepared in accordance with the MFRS. The adoption of the accounting policies under MFRS may have an effect on the financial performance or position of PEFFM.

APPENDIX III – INFORMATION ON PEFFM (Cont'd)

Commentary on past performance of PEFFM

FYE 30 April 2021 as compared to FYE 30 April 2020

In FYE 30 April 2021, PEFFM revenue rose rapidly by 6.3 times to RM104.7 million from RM17.0 million recorded in FYE 30 April 2020 following the award to PEFFM of Malaysia's first durian export license to China. Since then, PEFFM started to enlarge the business by expanding the processing plants and factory building and trading of durians on a large scale basis to support the increasing demand in both local and overseas markets.

The PAT of PEFFM increased by RM3.5 million or 2.5 times to RM5.9 million mainly attributed to the sharp revenue growth underpinned by increased demand for durians.

FYE 30 April 2022 as compared to FYE 30 April 2021

The revenue of PEFFM for FYE 30 April 2022 was slightly lower at RM101.7 million compared to RM104.7 million achieved the year before due to the decrease in export sales by 35.4% mainly due to the impact of the restriction on movement imposed in global markets on the outbreak of Coronavirus disease 2019 ("Covid-19"). China's government tightened its import requirements on durian imports into the country under its zero-Covid-19 policy.

However, PAT for FYE 30 April 2022 increased to RM6.1 million from RM5.9 million recorded the year before, contributed by a higher sales volume of durian paste which carried a higher margin compared to frozen whole fruits.

FYE 30 April 2023 as compared to FYE 30 April 2022

In FYE 30 April 2023, revenue increased to RM111.1 million, representing 9.3% growth contributed by the increased volume of durian exported to China. Nevertheless, PAT dropped to RM3.5 million from RM6.1 million achieved last year, mainly caused by non-recurring expenses such as agents commission of RM1.8 million, a higher director fee paid of RM1.1 million and higher depreciation for new assets acquired for expansion.

6. ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of PEFFM for FYE 2020 to FYE 2022, there are no accounting policies adopted by PEFFM which are peculiar due to the nature of the business or industry in which PEFFM is involved in. The financial statements of PEFFM were not subject to audit qualification for the years under review. Please refer to Appendix VII of this Circular for the summary of significant accounting policies adopted by PEFFM.

APPENDIX III – INFORMATION ON PEFFM (Cont'd)

7. MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PEFFM during the past 2 years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, PEFFM is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of PEFFM and our Board is not aware of any proceedings, pending or threatened against PEFFM, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of PEFFM.

9. MATERIAL COMMITMENT

As at the LPD, there is no material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the PEFFM.

10. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities, incurred or known to be incurred by PEFFM which, upon becoming due or enforceable may have a material impact on the results or financial position of PEFFM.

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APPENDIX IV – INFORMATION ON PEFFTK (Cont'd)

1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF PEFFTK

PEFFTK, a private company limited by shares, having its place of business and own a processing factory at No. 10, Jalan Waja, Taman Kangkar Jaya, Bukit Kangkar, 84400 Muar, Johor, was incorporated under the Act on 30 April 2020. PEFFTK commenced its operation on 30 April 2020 and is sourcing durians from Johor for local and export markets.

1.1. Principal revenue segments

PEFFTK is principally involved in the business of frozen durian, durian paste and durian pulp which contributed 100% to PEFFTK's total revenue for FPE 2021, FYE 2022 and unaudited FYE 2023.

1.2 Principal products' markets

The principal products' markets of PEFFTK since its incorporation up to FYE 30 April 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited			Unaudited		
	FPE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Domestic	1,315	100.00	11,679	100.00	8,531	29.83
Foreign ^	-	-	-	-	20,072	70.17
Total	1,315	100.00	11,679	100.00	28,603	100.00

Note:

^ Export sales to China.

1.3 Key sources of supplies

The key sources of supplies of PEFFTK are mainly from domestic plantations in Johor.

1.4 Production capacity

(a) Details of plant

Location of the plant	Main types of activities carried out	Size
No. 6, 7, 8, 9 & 10, Jalan Waja, Taman Kangkar Jaya, Bukit Kangkar, 84400 Muar, Johor ^	Processing of durian to frozen whole fruits, durian pulp and durian paste	Built-up area: 7,000 square feet

APPENDIX IV – INFORMATION ON PEFFTK (Cont'd)

Note:

- ^ Rented from landlords comprising four (4) individuals and one (1) corporate entity which are non-related parties. The current tenancy agreements are valid until 31 March 2026 at a yearly rental rate of RM108,000. The tenancies have the option to renew at the discretion of the tenant for additional three (3) years up to 31 March 2029.

(b) Annual production capacity and output

Capacity per annum ⁽¹⁾	FPE 2021	FYE 2022	FYE 2023
Maximum production (metric ton)	9,344	9,344	9,344
Actual production (metric ton)	53	318	532
Production utilisation (%)	0.56	3.40	5.69

Note:

- ⁽¹⁾ Maximum production capacity and utilisation rate are calculated on the capacity of nitrogen frozen machine x 8 hours shift per day x 365 days

1.5 Assets owned

As at unaudited financial statement FYE 30 April 2023, the assets owned by PEFFTK are, amongst others, cold room, machinery and equipment are as follows:

Assets	Net book value RM'000
Machineries inclusive nitrogen freezer and trucks	194
Cold room	271
Renovation & electrical installation	196
Computer & software	9
Air conditioners	9
Office equipment	11
Tools & equipment	26

2 SHARE CAPITAL

As at LPD, the issued share capital of PEFFTK is RM1,000,000 comprising 1,000,000 PEFFTK Shares.

APPENDIX IV – INFORMATION ON PEFTK (Cont'd)

3 SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the substantial shareholders, directors and their respective shareholding in PEFTK as at the LPD are as follows:

Shareholder	Designation	Country of Incorporation/ Nationality	<-----Direct----->		<-----*Indirect----->	
			No. of PEFTK Shares Held	%	No. of PEFG Shares	%
PEFG	Corporate Shareholder	Malaysia	1,000,000	100.00	-	-
Directors						
Lye Wee Ken	Director	Malaysian	-	-	179,250	17.93
Leong Yet Wan	Director	Malaysian	-	-	7,000	0.70
Total			1,000,000	100.00	186,250	18.63

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFTK.*

4 SUBSIDIARIES AND ASSOCIATED COMPANIES

PEFTK does not have any other subsidiaries or associate companies.

5 SUMMARY OF HISTORICAL FINANCIAL RESULTS OF PEFTK

A summary of the financial information of PEFTK since incorporation up to the FYE 2022 and unaudited FYE 2023 are set out below:-

	Audited		Unaudited	
	FYE 2021	FYE 2022	FYE 2023	
	RM'000	RM'000	RM'000	
Revenue	1,315	11,679	28,603	
Gross Profit	143	3,027	3,236	
(LBT)/PBT	(229)	2,507	1,387	
(LBT)/PAT	(229)	1,975	888	
Share capital	0.1	0.1	1,000	
Shareholders' funds/NA	(229)	1,745	2,634	
Total borrowings	-	-	-	

APPENDIX IV – INFORMATION ON PEFFTK (Cont'd)

	Audited		Unaudited
	FPE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Financial Ratio			
No. of shares	0.1	1,000,002	1,000,000
NA per share (RM)	-	17,450	2.63
EPS (RM)	-	19,750	0.89
Gearing ratio (times)	-	-	-
Current ratio	0.56	2.79	1.43

The audited financial statements of PEFFTK have been prepared in accordance with MPERS. Upon completion of the Proposed Acquisitions, PEFFTK will be consolidated into the Hextar Group and its financial statements will be prepared in accordance with the MFRS. The adoption of the accounting policies under MFRS may have an effect on the financial performance or position of PEFFTK.

Commentary on past performance of PEFFTK

FYE 30 April 2022 as compared to FPE 30 April 2021

The revenue of PEFFTK was recorded at RM11.7 million compared to the preceding year of RM1.3 million, the company was not operated actively in the first financial year.

FYE 30 April 2022 posted PAT of RM2.0 million from net loss of RM229,000 recorded in FPE 30 April 2021, mainly contributed by the increase in demand for durians especially D101 which was supplied to PEFFM for their export market.

FYE 30 April 2023 as compared to FYE 30 April 2022

In FYE 30 April 2023, PEFFM recorded revenue of RM28.6 million, representing a 145% growth from the previous year. This was driven by increased orders of D101 durian from Singapore and China, which were mostly sourced from Tangkak, Johor.

Nevertheless, PAT dip to RM888,000 mainly due to the higher cost of sales arose in processing durians for export markets, to fulfil the strict import requirements imposed by the customs in the overseas market. The company incurred additional labour costs for processing including packing, sanitising and disinfection fee as well as increasing logistic and freight charges.

APPENDIX IV – INFORMATION ON PEFFTK (Cont'd)

6 ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of PEFFTK for the FYE 2020 to FYE 2022, there are no accounting policies adopted by PEFFTK which are peculiar due to the nature of the business or industry in which PEFFTK is involved in. The financial statements of PEFFTK were not subject to audit qualification for the years under review. Please refer to Appendix VIII of this Circular for the summary of significant accounting policies adopted by PEFFTK.

7 MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PEFFTK during the past 2 years immediately preceding the date of this Circular.

8 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, PEFFTK is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of PEFFTK and our Board is not aware of any proceedings, pending or threatened against PEFFTK, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of PEFFTK.

9 MATERIAL COMMITMENT

As at the LPD, there is no material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the PEFFTK.

10 CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities, incurred or known to be incurred by PEFFTK which, upon becoming due or enforceable may have a material impact on the results or financial position of PEFFTK.

APPENDIX V – INFORMATION ON PW&R

1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF PW&R

PW&R, a private company limited by shares, having its place of business at No. 10380, GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang, was incorporated under the Act on 4 August 2020. PW&R commenced its operation on 4 August 2020 and is mainly engaged in fresh durian trading and is the top durian trader in Pahang.

1.1 Principal revenue segments

PW&R is principally engaged in the wholesale of durian and other fruits including banana, rambutan, mangosteen, lime, papaya, jackfruit, avocado and soursop, and mainly supply durians to PEFFM.

1.2 Principal products' markets

The principal products' market since its incorporation up to FYE 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited		Unaudited	
	FYE 2021		FYE 2022	
	RM'000	%	RM'000	%
Durian	62,147	98.81	121,595	99.30
Fruits	748	1.19	857	0.70
Total	62,895	100.00	122,452	100.00

Note:

^ Includes exports sales to Singapore of approximately RM35.0 million.

1.3 Key sources of supplies

The key sources of supplies of PW&R since the incorporation up to the FYE 30 April 2022 and the unaudited FYE 30 April 2023 are set out below:-

	Audited		Unaudited	
	FYE 2021		FYE 2022	
	RM'000	%	RM'000	%
PEFFM	149	0.28	206	0.19
PEFP	217	0.38	958	0.87
Local farmers	57,000	99.34	108,718	98.94
Total	57,377	100.00	109,882	100.00
			109,397	100.00

APPENDIX V – INFORMATION ON PW&R (Cont'd)

1.4 Assets owned

As at unaudited financial statement FYE 30 April 2023, the assets owned by PW&R are, amongst others, land and building, equipment and motor vehicles are as follows:

Assets	Net book value RM'000
Shoplot*	608
Renovation	713
Electrical works	56
Computer & software	34
Lorries and trucks	517
Office equipment	15
Furniture & fittings	23
CCTV	23

Note:

* Shoplot details:

Location of the land	Main types of activities carried out	Size
HSM 13332, No. PT26520, Tempat Klau, Mukim Klau, Mukim Gali, Daerah Raub, Pahang	Hostel for workers	Build-up area: 1,399 square feet

2 SHARE CAPITAL

As at LPD, the issued share capital of PW&R is RM2,000,000 comprising 2,000,000 PW&R Shares.

APPENDIX V – INFORMATION ON PW&R (Cont'd)

3 SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the substantial shareholders, directors and their respective shareholding in PW&R as at the LPD are as follows:

Shareholder	Designation	Place of Incorporation/ Nationality	←-----Direct-----→		←-----*Indirect-----→	
			No. of PW&R Shares Held	%	No. of PEFG Shares	%
PEFG	Corporate Shareholder	Malaysia	2,000,000	100.00	-	-
Directors						
Leong Si Kin	Director	Malaysian	-	-	202,700	20.27
Leong Kam Yau	Director	Malaysian	-	-	204,050	20.41
Lye Wee Tin	Director	Malaysian	-	-	108,200	10.82
Total			2,000,000	100.00	514,950	51.50

**Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PW&R.*

4 SUBSIDIARIES AND ASSOCIATED COMPANIES

PW&R does not have any other subsidiaries or associate companies.

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APPENDIX V – INFORMATION ON PW&R (Cont'd)

5 SUMMARY OF HISTORICAL FINANCIAL RESULTS OF PW&R

A summary of the financial information of PW&R since the incorporation up to the FYE 2022 and unaudited FYE 2023 are set out below:-

	Audited		Unaudited	
	FYE 2021	FYE 2022	FYE 2023	
	RM'000	RM'000	RM'000	
Revenue	62,895	122,452	123,691	
Gross Profit	5,518	11,784	14,102	
PBT	3,558	5,899	8,854	
PAT	2,663	4,358	6,152	
Share capital	1,000	2,000	2,000	
Shareholders' funds/NA	3,663	8,022	14,174	
Total borrowings	58	429	687	
Financial Ratio				
No. of shares	1,000	2,000	2,000	
NA per share (RM)	1.83	4.01	7.09	
EPS	1.33	2.18	3.08	
Gearing (times)	0.02	0.05	0.05	
Current ratio	4.06	3.17	2.58	

The audited financial statements of PW&R have been prepared in accordance with MPERS. Upon completion of the Proposed Acquisitions, PW&R will be consolidated into the Hextar Group and its financial statements will be prepared in accordance with the MFRS. The adoption of the accounting policies under MFRS may have an effect on the financial performance or position of PW&R.

Commentary on past performance of PW&R

FYE 30 April 2022 as compared to FPE 30 April 2021

PW&R recorded revenue of RM122.5 million, a growth of RM60.0 million or 94.7% compared to the preceding year, it is because FYE 30 April 2021 was the company's first financial period which did not operate in a full financial year.

FYE 30 April 2022 posted PAT of RM4.4 million from RM2.7 recorded in the preceding year, represents increase by RM1.7 million or 63.7%. The PAT margin in FYE 30 April 2022 was recorded lower at 3.6% compared to the last financial period of 4.2% mainly due to higher staff costs arising from increased headcounts to accommodate the business growth.

APPENDIX V – INFORMATION ON PW&R (*Cont'd*)

FYE 30 April 2023 as compared to FYE 30 April 2022

The revenue in FYE 30 April 2023 was slightly higher at RM123.7 million from RM122.5 million recorded in FYE 30 April 2022, contributed by increased orders from Singapore following the lifting of travel restriction post to Covid-19. In line with the higher revenue, the company registered a higher PAT of RM6.2 million compared to RM4.4 million reported last year, representing an increase of 41.2%.

6 ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of PW&R for the FYE 2020 to FYE 2022, there are no accounting policies adopted by PW&R which are peculiar due to the nature of the business or industry in which PW&R is involved in. The financial statements of PW&R were not subject to audit qualification for the years under review. Please refer to Appendix IX of this Circular for the summary of significant accounting policies adopted by PW&R.

7 MATERIAL CONTRACTS

AS at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PW&R during the past 2 years immediately preceding the date of this Circular.

8 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, PW&R is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of PW&R and our Board is not aware of any proceedings, pending or threatened against PW&R, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of PW&R.

9 MATERIAL COMMITMENT

As at the LPD, there is no material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the PW&R.

10 CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities, incurred or known to be incurred by PW&R which, upon becoming due or enforceable may have a material impact on the results or financial position of PW&R.

APPENDIX VI – INFORMATION ON PEFP

1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF PEFP

PEFP, a private company limited by shares, having its place of business at No. 10380, GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang, was incorporated under the Act on 28 August 2020. PEFP commenced its operation on 28 August 2020 and engaged in the business of growing and sales of fresh durian. PEFP owns 25 acres durian plantation in a strategic location in Raub.

1.1 Principal revenue segments

PEFP is principally involved in growing of durian and sales of fresh durian.

1.2 Principal products' markets

PEFP mainly sales its plantation's fresh durians to PEFFTK.

1.3 Assets owned

As at unaudited financial statement FYE 30 April 2023, the assets owned by PEFP are, amongst others, freehold land and motor vehicles are as follows:

Assets	Net book value RM'000
Freehold agriculture land ^	11,125
Vehicle	37

Note:

^ The freehold land consists of three (3) parcels of agricultural land cultivated with durian trees, the details as follows:-

Location of the land	Main types of activities carried out	Land area
Geran Mukim 9814, Lot No. 13896, Tempat Sg. Ruan, Mukim Gali, Daerah Raub, Pahang	Durian plantation	2.943 hectares (approximately 7.27 acres)
Geran Mukim 9616, Lot 13897, Tempat Sungai Ruan, Mukim Gali, Daerah Raub, Pahang	Durian plantation	3.649 hectares (approximately 9.02 acres)

APPENDIX VI – INFORMATION ON PEFP (Cont'd)

Location of the land	Main types of activities carried out	Land area
Geran Mukim 9617, Lot 13900, Tempat Klau, Mukim Gali, Daerah Raub, Pahang	Durian plantation	3.427 hectares (approximately 8.47 acres)

1.4 Production

Annual production output for the past 3 years:

	FPE 2021	FYE 2022	FYE 2023
Production (kg)	37.70	7,821.30	16,150.80

The number of trees maturity of trees:

Maturity of Tree	Number of trees
1 – 5 years old	270
6 -9 years old	118
10- 14 years old	427
15 – 22 years old	311
Total	1,126

2 SHARE CAPITAL

As at LPD, the issued share capital of PEFP is RM2,400,000 comprising 2,400,000 PEFP.

APPENDIX VI – INFORMATION ON PEFP (Cont'd)

3 SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

The details of the substantial shareholders, directors and their respective shareholding in PEFP as at the LPD are as follows:

Directors	Designation	Country of Incorporation/ Nationality	<-----Direct----->		<-----*Indirect----->	
			No. of PEFP Shares Held	%	No. of PEFG Shares	%
PHG Ever Fresh Group	Corporate Shareholder	Malaysia	1,320,000	55.00		
Chong Hon Fei	Shareholder	Malaysian	48,000	2.00		
Chong Hon Yun	Shareholder	Malaysian	48,000	2.00		
Chong Kon Seng	Shareholder	Malaysian	48,000	2.00		
Evertex Construction Sdn Bhd	Corporate Shareholder	Malaysian	202,800	8.45		
Hin Kor Farm Sdn Bhd	Corporate Shareholder	Malaysian	240,000	10.00		
Lye Wee Ken	Director & Shareholder	Malaysian	194,400	8.10	179,250	17.93
Leong Jin Ming	Shareholder	Malaysian	24,000	1.00		
Lim Bee Leong	Shareholder	Malaysian	20,400	0.85		
Lim Wei Ching	Shareholder	Malaysian	20,400	0.85		
Lim Yu Wai	Shareholder	Malaysian	12,000	0.50		
Ong Wei Qiao	Shareholder	Malaysian	20,400	0.85		
Soo Sien Wen	Shareholder	Malaysian	20,400	0.85		
Tang Su Ting	Shareholder	Malaysian	48,000	2.00		
Tay Kwang Yew	Shareholder	Malaysian	20,400	0.85		
Tracy Tong Zi Qian	Shareholder	Malaysian	40,800	1.70		
Tay Jee	Director	Malaysian	-	-	-	-
Yau Shee Min	Director	Malaysian	-	-	69,000	6.90
Yap Wan Hin	Director	Malaysian	-	-	-	-
Chong Hon Loon	Director & Shareholder	Malaysian	48,000	2.00	-	-
Lye Foong Ming	Director	Malaysian	-	-	30,000	3.00
Leong Jin Yuan	Director & Shareholder	Malaysian	24,000	1.00	1,400	0.14
Total			2,400,000	100	279,650	27.97

* Deemed interested pursuant to Section 8(4) of the Act by virtue of their shareholdings in PEFG. PEFG is the holding company of PEFP.

APPENDIX VI – INFORMATION ON PEPF (Cont'd)

4 SUBSIDIARIES AND ASSOCIATED COMPANIES

PEFP does not have any other subsidiaries or associate companies.

5 SUMMARY OF HISTORICAL FINANCIAL RESULTS OF PEPF

A summary of the financial information of PEPF since the incorporation up to the FYE 2022 and unaudited FYE 2023 are set out below:-

	Audited		Unaudited	
	FYE 2021	FYE 2022	2023	
	RM'000	RM'000	RM'000	RM'000
Revenue	217	958	922	
Gross Profit / (Loss)	34	545	(280)	
LBT	(457)	(11)	(728)	
LAT	(457)	(12)	(728)	
Share capital	2,400	2,400	2,400	
Shareholders' funds/NA	1,943	1,931	1,203	
Total borrowings	8,534	8,318	7,661	
Financial Ratio				
No. of shares	2,400,000	2,400,000	2,400,000	
NA per share	0.81	0.80	0.50	
EPS	-	-	-	
Gearing (times)	3.56	3.47	6.37	
Current ratio	0.60	0.51	0.31	

The audited financial statements of PEPF have been prepared in accordance with MPERS. Upon completion of the Proposed Acquisitions, PEPF will be consolidated into the Hextar Group and its financial statements will be prepared in accordance with the MFRS. The adoption of the accounting policies under MFRS may have an effect on the financial performance or position of PEPF.

APPENDIX VI – INFORMATION ON PEFP (Cont'd)

Commentary on past performance of PEFP

FYE 30 April 2022 as compared to FYE 30 April 2021

For FYE 30 April 2022, PEFP recorded revenue of RM958,000, which represents an increase of RM741,000 or 241% compared to the earlier year, it is because FYE 30 April 2021 was the first financial period did not operate in a full financial year.

FYE 30 April 2021, there were some non-recurring expenses of approximately RM419,000 being incurred for professional fees, commissions and upkeep costs. As a result, it reported LBT of RM457,000 compared to RM11,000 in FYE 30 April 2022.

FYE 30 April 2023 as compared to FYE 30 April 2022

The revenue generated in both FYE 30 April 2023 and FYE 30 April 2022 were constant at RM922,000 and RM958,000 respectively. However, PEFP reported gross loss and LBT of RM280,000 and RM728,000 respectively, it was attributed to higher upkeep costs for upgrading plantation fencing and higher consumption of fertilisers to maintain the grading of durian fruits.

6 ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of PEFP for the FYE 2020 to FYE 2022, there are no accounting policies adopted by PEFP which are peculiar due to the nature of the business or industry in which PEFP is involved in. The financial statements of PEFP were not subject to audit qualification for the years under review. Please refer to Appendix X of this Circular for the summary of significant accounting policies adopted by PEFP.

7 MATERIAL CONTRACTS

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by PEFP during the past 2 years immediately preceding the date of this Circular.

8 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, PEFP is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of PEFP and our Board is not aware of any proceedings, pending or threatened against PEFP, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of PEFP.

APPENDIX VI – INFORMATION ON PEFP (Cont'd)

9 MATERIAL COMMITMENT

As at the LPD, there is no material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the PEFP.

10 CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities, incurred or known to be incurred by PEFP which, upon becoming due or enforceable may have a material impact on the results or financial position of PEFP.

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PHG.EVER FRESH FOOD (M) SDN. BHD.

Company No: 201401021503 (1097589-V)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

**CKS ASSOCIATES (AF 002324)
CHARTERED ACCOUNTANTS**

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.**Company No: 201401021503 (1097589-V)****(Incorporated in Malaysia)****GENERAL INFORMATION**

Directors

Lye Wee Ken
Lye Wee Tin
Leong Kam Yau
Leong Si Kin
Loo Hoong Fatt
Yau Shee Min

Company secretaries

Jason Tan Kim Song
(MIA 29081)

Ho Jye Yann (Appointed on 30.11.2021)
(MIA 47949)

Ching Uee (Appointed on 22.04.2021 and resigned on 25.08.2021)
(LS0010044)

Registered office

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

Auditors

CKS Associates (AF 002324)

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Directors' Report	1 - 5
Statement by Directors and Statutory Declaration	6
Independent Auditors' Report	7 - 10
Statement of Financial Position	11
Statement of Comprehensive Income	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 41

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Directors presents their report together with the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of durian, durian processing and other fruits. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	<u>6,065,173</u>

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company -

	RM
In respect of financial year ended 30 April 2021	
Interim tax exempt single-tier dividend of 100% on 1,000,002 ordinary shares, declared on 14 January 2022 and paid on 18 January 2022	<u>1,000,002</u>

The Directors do not recommend any final dividend in respect of the current financial year on the ordinary shares of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The name of the Directors of the Company in office since the date of last report and at the date of this report are:-

Lye Wee Ken
Lye Wee Tin
Leong Kam Yau
Leong Si Kin
Loo Hoong Fatt
Yau Shee Min

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company was a party, whereby the Director might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

DIRECTORS' BENEFITS (Continued)

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year as recorded in the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows :-

	Number of ordinary shares			
	At 01 May 2021	Bought	(Sold)	At 30 April 2022
The Company				
<u>Direct interest</u>				
Lye Wee Ken	166,667	-	(166,667)	-
Lye Wee Tin	166,667	-	(166,667)	-
Leong Kam Yau	166,667	-	(166,667)	-
Leong Si Kin	166,667	-	(166,667)	-
Loo Hoong Fatt	166,667	-	(166,667)	-
Yau Shee Min	166,667	-	(166,667)	-
The Company				
<u>Indirect interest</u>				
Lye Wee Ken *	-	1,000,002	-	1,000,002
Lye Wee Tin *	-	1,000,002	-	1,000,002
Leong Kam Yau *	-	1,000,002	-	1,000,002
Leong Si Kin *	-	1,000,002	-	1,000,002
Loo Hoong Fatt *	-	1,000,002	-	1,000,002
Yau Shee Min *	-	1,000,002	-	1,000,002
Ultimate Holding Company				
PHG Ever Fresh Group Sdn. Bhd.				
<u>Direct interest</u>				
Lye Wee Ken	21,925	235,325	(78,000)	179,250
Lye Wee Tin	11,820	106,380	(10,000)	108,200
Leong Kam Yau	20,405	183,645	-	204,050
Leong Si Kin	20,270	182,430	-	202,700
Loo Hoong Fatt	7,040	63,360	-	70,400
Yau Shee Min	6,900	62,100	-	69,000

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

DIRECTORS' INTERESTS (Continued)

- * Deemed interest by virtue of his interests in PHG Ever Fresh Group Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

DIRECTOR'S REMUNERATION

Directors' fee paid to Director who held office during the financial year ended 30 April 2022 are disclosed in Note 25 to the financial statements respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity coverage and insurance premium paid for Director and officers of the Company during the financial year.

ISSUE OF SHARES OR DEBENTURES

There were no issue of shares or debentures by the Company during the financial year.

OPTION GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting record in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.

PHG.EVER FRESH FOOD (M) SDN. BHD.

Company No: 201401021503 (1097589-V)

(Incorporated in Malaysia)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

OTHER STATUTORY INFORMATION (Continued)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:-
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

HOLDING COMPANY

The immediate and ultimate holding company is PHG Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

AUDITORS

The auditors' remuneration is disclosed in Note 25 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, CKS Associates, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.



LYE WEE KEN
(DIRECTOR)



YAU SHEE MIN
(DIRECTOR)

Date: 26 OCT 2022

PHG.EVER FRESH FOOD (M) SDN. BHD.

Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016
For the financial year ended 30 April 2022

In the opinion of the Directors, the accompanying financial statements set out on pages 11 to 41 are drawn up in accordance with applicable Malaysian Private Entities Reporting Standard (“MPERS”) and the provisions of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the state of affairs of the Company as at 30 April 2022 and of the results, changes in equity and the cash flow of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors.



LYE WEE KEN
(DIRECTOR)

26 OCT 2022



YAU SHEE MIN
(DIRECTOR)

STATUTORY DECLARATION

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

I, LYE WEE KEN, being the Director primarily responsible for the financial management of PHG.EVER FRESH FOOD (M) SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 41 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
Abovenamed LYE WEE KEN)
at Johor Bahru in the state of Johor)
on)
26 OCT 2022

Before me,

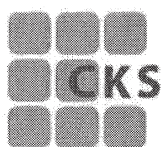
Commissioner for oaths



39A, JALAN HARMONIUM 35/1,
TAMAN DESA TEBRAU,
81100 JOHOR BAHRU, JOHOR.



LYE WEE KEN



顺兴会计公司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
Tel : 07-351 3666 Fax : 07-351 4666



A MEMBER FIRM OF THE
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (M) SDN. BHD.**

Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Phg.Ever Fresh Food (M) Sdn. Bhd., which comprise the statement of financial position as at 30 April 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard ("MPERS") 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.

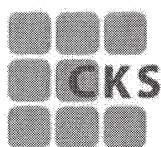
Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia 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.

Information other than the financial statements and auditors' reports thereon

The Directors of the Company is responsible for the other information. The other information comprises the Directors' Report set out on pages 1 to 5, but does not include the financial statements of the Company and our auditors' report thereon.

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (M) SDN. BHD.**

Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Information other than the financial statements and auditors' reports thereon (Continued)

In connection with our audit of the financial statements 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

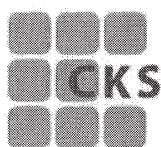
Responsibilities of directors for the financial statements

The Directors of the Company is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard ("MPERS") 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (M) SDN. BHD.**

Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

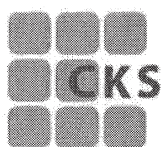
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements 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 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 Director's 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 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 Company, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (M) SDN. BHD.**

Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

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.

CKS ASSOCIATES
Firm No : AF 002324
Chartered Accountants

Johor Bahru, Malaysia

Date: 26 OCT 2022

LEE CHIA SIN
Approval No.03419/02/2023 J
Chartered Accountant

CKS

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	NOTE	2022 RM	2021 RM
ASSETS			
Non-current asset			
Property, plant and equipment	6	10,830,179	10,649,826
		<u>10,830,179</u>	<u>10,649,826</u>
Current assets			
Inventories	7	2,090,553	188,555
Trade receivables	8	11,783,989	1,713,818
Other receivables	9	2,305,475	429,233
Amount due from related companies	10	84,016	2,405,268
Cash and cash equivalents	11	4,028,139	9,805,991
		<u>20,292,172</u>	<u>14,542,865</u>
TOTAL ASSETS		<u><u>31,122,351</u></u>	<u><u>25,192,691</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,000,002	1,000,002
Retained earnings		<u>15,678,791</u>	<u>10,613,620</u>
		<u>16,678,793</u>	<u>11,613,622</u>
Non-current liabilities			
Deferred taxation	13	405,236	364,169
Hire purchase creditors	15	680,594	332,008
Term loans, secured	16	<u>2,513,287</u>	<u>3,343,705</u>
		<u>3,599,117</u>	<u>4,039,882</u>
Current liabilities			
Trade payables	17	6,991,533	1,578,949
Other payables	18	490,800	1,127,658
Bank overdraft	11	2,192	-
Amount due to a related party	19	19,635	151,000
Amount due to directors	20	1,768,815	4,838,279
Hire purchase creditors	15	172,536	86,596
Term loans, secured	16	745,767	716,447
Provision for taxation	26	<u>653,163</u>	<u>1,040,258</u>
		<u>10,844,441</u>	<u>9,539,187</u>
TOTAL EQUITY AND LIABILITIES		<u><u>31,122,351</u></u>	<u><u>25,192,691</u></u>

The notes form an integral part of these financial statements

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	NOTE	2022 RM	2021 RM
Revenue	21	101,696,568	104,739,923
Other income	22	960,022	1,129,175
TOTAL REVENUE		102,656,590	105,869,098
COST AND EXPENSES			
Purchases and other incidental costs		90,865,873	93,086,171
Changes in inventories		(1,901,998)	(188,555)
Depreciation of property, plant and equipment		947,543	817,856
Finance cost	23	527,887	406,009
Staff costs	24	1,424,042	579,760
Other operating expenses		2,542,678	3,292,075
TOTAL COST AND EXPENSES		94,406,025	97,993,316
Profit before taxation	25	8,250,565	7,875,782
Taxation	26	(2,185,392)	(1,969,879)
Profit for the financial year		6,065,173	5,905,903
Other comprehensive income		-	-
Total comprehensive income for the financial year		6,065,173	5,905,903

The notes form an integral part of these financial statements

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	NOTE	Share capital RM	Retained earnings RM	Total RM
At 01 May 2020		144,006	4,707,717	4,851,723
Issuance paid up capital		855,996	-	855,996
Total comprehensive income for the financial year		-	5,905,903	5,905,903
At 30 April 2021		<u>1,000,002</u>	<u>10,613,620</u>	<u>11,613,622</u>
Dividend paid	29	-	(1,000,002)	(1,000,002)
Total comprehensive income for the financial year		-	6,065,173	6,065,173
At 30 April 2022		<u>1,000,002</u>	<u>15,678,791</u>	<u>16,678,793</u>

The notes form an integral part of these financial statements

**APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,250,565	7,875,782
Adjustments for:-		
Depreciation of property, plant and equipment	947,543	817,856
Finance cost	527,887	406,009
Operating profit before working capital changes	<u>9,725,995</u>	<u>9,099,647</u>
Changes in working capitals:-		
Increase in inventories	(1,901,998)	(188,555)
Increase in trade and other receivables	(11,946,413)	(889,346)
Increase in trade and other payables	<u>4,775,726</u>	<u>2,562,693</u>
Net cash generated from operations	653,310	10,584,439
Less: Interest paid	(527,887)	(294,236)
Income tax paid	(2,538,910)	(1,092,587)
Income tax refunded	<u>7,490</u>	<u>-</u>
Net cash (used in) / generated from operating activities	<u>(2,405,997)</u>	<u>9,197,616</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(679,896)	(6,898,949)
Proceeds from disposal of investment in an associate	<u>-</u>	<u>1,800,000</u>
Net cash used in investing activities	<u>(679,896)</u>	<u>(5,098,949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,000,002)	-
Proceeds from issuance of share capital	-	855,996
Proceeds from term loan	-	2,180,000
Proceeds from hire purchase creditors	120,000	-
Repayment to hire purchase creditors	(133,474)	(63,162)
Repayment of term loan	(801,098)	(342,102)
(Repayment to) / advance from a director	(3,069,464)	2,508,939
Advance from / (repayment to) related parties	<u>2,189,887</u>	<u>(2,254,268)</u>
Net cash (used in) / generated from financing activities	<u>(2,694,151)</u>	<u>2,885,403</u>
NET (DECERASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(5,780,044)	6,984,070
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (NOTE 11)	9,805,991	2,821,921
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 11)	<u>4,025,947</u>	<u>9,805,991</u>

The notes form an integral part of these financial statements

PHG.EVER FRESH FOOD (M) SDN. BHD.

Company No: 201401021503 (1097589-V)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1 CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding company is PHG Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

The Company is principally engaged in the business of durian, durian processing and other fruits. There has been no significant change in the nature of these activities during the financial year.

The registered office of the Company is located at 8A, Jalan Harmonium 35/2, Taman Desa Tebrau, 81100 Johor Bahru, Johor.

The principal place of business of the Company is located at Lot 10380 GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Director on

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act 2016.

3 BASIS OF PREPARATION

The financial statement of the Company have been prepared using cost and fair value basis.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumption are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The area involving significant judgements and estimation uncertainties are disclosed in Note 5.

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognized.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated but is subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the estimated remaining useful life on straight line basis. The principal annual rates used are as follows:-

Assets	Rate per annum %		Rate per annum %
Factory building	3	Office equipment	10-30
Furniture and fittings	10	Renovation	10
Machinery	10	Signboard	10
Motor vehicles	10	Tools and equipment	10

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

PHG.EVER FRESH FOOD (M) SDN. BHD.
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes conversion costs of labour and variable and fixed production overheads. For items of inventory that are individually significant or are segregated for individual projects, cost is measured using the specific identification method. For homogeneous items of inventory, cost is determined by the weighted average cost formula. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

4.3 Cash and Cash Equivalent

Cash and cash equivalents comprise cash and bank balances, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.4 Foreign Currency Translations and Operations

The functional currency of the Company is the Malaysian Ringgit. Transactions denominated in foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

4.5 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Company's asset exceeds its recoverable amount.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Impairment of Non-Financial Assets (Continued)

At the end of each reporting period date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.6 Financial Instruments

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Financial Instruments (Continued)

(a) Initial recognition and measurement (Continued)

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or then the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or canceled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal. All other equity investments which cannot be measured reliably without undue cost or effort are measured at cost less accumulated impairment.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Financial Instruments (Continued)

(c) Subsequent measurement of financial assets (Continued)

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.6(g).

(d) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumption.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Financial Instruments (Continued)

(g) Impairment and uncollectibility of financial assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individual significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Share Capital and Distributions

(a) Share capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Finance and Operating Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Lessee Accounting

The Company capitalised the underlying leased asset and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with the applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Operating Leases

The Company does not capitalised the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expenses on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Finance and Operating Leases (Continued)

Leases of Land and Buildings

For a lease that includes land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately in accordance with the indicators in Section 20 Leases of MPERS. The minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. If substantially all of the risks and rewards incidental to ownership have been transferred to a lessee, the leasehold land and buildings are treated as a finance lease and capitalised as an item of property, plant and equipment. Short-term leases of land and buildings are treated as operating leases and the underlying leased assets are not capitalised. Any upfront lease payments are classified as a prepaid lease payment, an intangible asset in the nature of right-of-use asset.

4.9 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if there conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measure at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Provisions (Continued)

For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfill the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applies in the measurement, taking into account past court judgement made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.10 Borrowing Costs

Borrowing costs of the Company include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

4.11 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associates with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other income items of the Company are recognised using the following bases:

- (a) Interest income is recognised using the effective interest method; and
- (b) Dividend from an equity investment is recognised when the Company's right, as a shareholder of the investee, is established, which is the date the dividend is appropriately authorised.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition difference include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Tax Assets and Tax Liabilities (Continued)

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.13 Employee Benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when they absence occur.

(b) Post-Employment Benefits – Defined Contribution Plans

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.14 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active market for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Fair Value Measurement (Continued)

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumption Applied

In the selection of accounting policies for the Company, the areas that require significant judgements and assumptions are:-

(a) Classification of Finance and Operating Leases

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for a least 75% the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

The Company classifies a lease of land as a finance lease if the fair value of the leasehold land is 90% or more of the fair value of an equivalent freehold land or if the lease period, determined at the inception of the lease, is 50 years or more. Leases of land that do not meet any of these criteria are classified as operating leases.

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.1 Judgements and Assumption Applied (Continued)

(b) Determining the Functional Currency

The Company conducts sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Company uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expenses indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

(a) Measurement of Provision

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

(b) Loss Allowances of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company’s past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company’s financial position and results.

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NOTES TO THE FINANCIAL STATEMENTS
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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.2 Estimation Uncertainty (Continued)

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Impairment or Write-Down of Slow-Moving and Obsolete Inventories

The Company writes down its slow-moving and obsolete inventories based on assessment of their fair value less costs to sell. Inventories are written down when events and circumstances indicate that the carrying amounts may not be recoverable. Management uses its judgement to analyse past sales trend and current economic trends to evaluate the adequacy of the impairment loss for slow-moving and obsolete inventories. The actual impairment loss can only be confirmed in any subsequent sales of those inventories and this may differ from the estimates made earlier. This may affect the Company's financial position and results.

(e) Measurement of Income Tax

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

6 PROPERTY, PLANT AND EQUIPMENT

	At 01.05.2021 RM	Additions RM	Disposal RM	At 30.04.2022 RM
Cost				
Factory building	5,741,805	33,495	-	5,775,300
Freehold land	568,460	-	-	568,460
Furniture and fittings	139,843	10,620	-	150,463
Machinery	3,025,444	164,330	-	3,189,774
Motor vehicle	1,096,181	505,627	-	1,601,808
Office equipment	328,710	68,787	-	397,497
Renovation	71,475	-	-	71,475
Signboard	9,000	-	-	9,000
Tool and equipment	1,731,790	345,037	-	2,076,827
	12,712,708	1,127,896	-	13,840,604

	At 01.05.2021 RM	Charged for the year RM	Disposal RM	At 30.04.2022 RM
Accumulated Depreciation				
Factory building	369,615	173,259	-	542,874
Freehold land	-	-	-	-
Furniture and fittings	22,431	15,046	-	37,477
Machinery	628,234	318,977	-	947,211
Motor vehicle	131,618	160,181	-	291,799
Office equipment	76,387	64,349	-	140,736
Renovation	18,243	7,148	-	25,391
Signboard	1,800	900	-	2,700
Tool and equipment	814,554	207,683	-	1,022,237
	2,062,882	947,543	-	3,010,425

	2022 RM	2021 RM
Net Book Value		
Factory building	5,232,426	5,372,190
Freehold land	568,460	568,460
Furniture and fittings	112,986	117,412
Machinery	2,242,563	2,397,210
Motor vehicle	1,310,009	964,563
Office equipment	256,761	252,323
Renovation	46,084	53,232
Signboard	6,300	7,200
Tool and equipment	1,054,590	917,236
	10,830,179	10,649,826

PHG.EVER FRESH FOOD (M) SDN. BHD.
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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 During the financial year, property, plant and equipment are acquired as follow:

	2022	2021
	RM	RM
By cash	679,896	6,948,949
By hire purchase	448,000	478,000
	<u>1,127,896</u>	<u>7,426,949</u>

6.2 Included in the property, plant and equipment are motor vehicles with a total net book value of RM 1,040,810 (2021: RM 525,198) which are acquired under hire purchase arrangements. (Note 15).

6.3 The freehold land and buildings are carried at cost at the statement of financial position date. The carrying amount of the lands was reviewed by Directors who were of the opinion that its recoverable amount at the statement of financial position date was estimated not less than the value of RM 6,343,760 (2021: RM 6,310,265).

6.4 The carrying amounts of the freehold land of RM 568,460 in previous financial year is pledged to the licensed banks for term loan facility granted to the Company as disclosed in Note 16 to the financial statements.

7 INVENTORIES

	2022	2021
	RM	RM
Durian and related products	<u>2,090,553</u>	<u>188,555</u>

8 TRADE RECEIVABLES

The carrying amounts of trade receivables approximate their fair value and are denominated in Malaysian Ringgit.

The average credit term granted to customers range from 30 to 60 days term.

Included in trade receivables is an amount of RM 70,599 (2021: RM 540) due from a related party in which certain Directors have financial interests.

Trade receivables are denominated in the following currencies:-

	2022	2021
	RM	RM
Chinese Renminbi	2,487,539	-
Malaysian Ringgit	9,296,450	1,713,818
	<u>11,783,989</u>	<u>1,713,818</u>

**APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG.EVER FRESH FOOD (M) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

9 OTHER RECEIVABLES

	2022	2021
	RM	RM
Deposits	2,037,229	378,269
Prepayment of operating expenses	86,636	25,344
Other receivables	181,610	25,620
	<u>2,305,475</u>	<u>429,233</u>

10 AMOUNT DUE FROM RELATED COMPANIES

The amount due from related companies are unsecured, interest-free and has no fixed term of repayment in which certain Directors have financial interests.

11 CASH AND CASH EQUIVALENTS

	2022	2021
	RM	RM
Cash in hand	276,223	51,400
Bank balances	3,450,121	9,673,112
Fixed deposit*	301,795	81,479
	<u>4,028,139</u>	<u>9,805,991</u>
Bank overdraft (Note 14)	(2,192)	-
	<u>4,025,947</u>	<u>9,805,991</u>

Cash and cash equivalents are denominated in the following currencies:-

	2022	2021
	RM	RM
Malaysia Ringgits	4,025,904	9,805,991
United States Dollars	43	-
	<u>4,025,947</u>	<u>9,805,991</u>

*The fixed deposit earn simple interest of 0.01% to 1.89% (2021: 0.01% to 1.89%) per annum.

12 SHARE CAPITAL

	2022	2021
	RM	RM
Issued and fully-paid:-		
Ordinary shares		
At 01 May 2021/2020	1,000,002	144,006
Issuance during the financial year	-	855,996
At 30 April	<u>1,000,002</u>	<u>1,000,002</u>

**APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG.EVER FRESH FOOD (M) SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

12 SHARE CAPITAL (Continued)

	2022	2021
	Unit	Unit
Number of shares:-		
Ordinary share		
At 01 May 2021/2020	1,000,002	144,006
Issuance during the financial year	-	855,996
At 30 April	<u>1,000,002</u>	<u>1,000,002</u>

13 DEFERRED TAX LIABILITY

	2022	2021
	RM	RM
At beginning of the year	364,169	146,200
Charged to statement of comprehensive income (Note 26)	41,067	217,969
At end of the year	<u>405,236</u>	<u>364,169</u>

14 BANKING FACILITIES

	2022	2021
	RM	RM
<i>Banking Facilities:-</i>		
Term loan (Note 16)	4,580,000	4,724,000
Bank overdraft	2,520,000	2,520,000
Bank acceptance	8,000,000	8,000,000
	<u>15,100,000</u>	<u>15,244,000</u>

The bank overdraft are guaranteed by the government of Malaysia and Credit Guarantee Corporation Malaysia Berhad under Portfolio Guarantee, joint and several guarantee by all the directors of the Company. Bank overdrafts bear interest at rates of 7% to 9.15% (2021: 7% to 9.15%) per annum.

The bank acceptance are joint and several guarantee by all the Directors of the Company. Bank acceptance bear interest at rate of 1.5% per annum above the Bank's Cost of Fund.

PHG.EVER FRESH FOOD (M) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15 HIRE PURCHASE CREDITORS

The Company purchases its motor vehicles under hire purchase agreement. This hire purchase are classified as finance lease.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:-

	2022		2021	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	RM	RM	RM	RM
Less than one year	216,516	172,536	113,088	86,596
Between one and five years	641,240	573,919	370,856	332,008
More than five years	109,754	106,675	-	-
	<u>750,994</u>	<u>680,594</u>	<u>370,856</u>	<u>332,008</u>
Total minimum lease payments	967,510	853,130	483,944	418,604
Less : Finance charges allocated to future periods	(114,380)	-	(65,340)	-
	<u>853,130</u>	<u>853,130</u>	<u>418,604</u>	<u>418,604</u>

The effective interest rate on hire purchase at the date of the statement of financial position is 2.05% - 9.50% (2021: 6.11% to 9.50%) per annum.

16 TERM LOANS, SECURED

	2022	2021
	RM	RM
Less than one year	745,767	716,447
Between two and five years	2,224,648	2,720,998
More than five years	288,639	622,707
	<u>2,513,287</u>	<u>3,343,705</u>
	<u>3,259,054</u>	<u>4,060,152</u>

The term loans are guaranteed by the government of Malaysia and Credit Guarantee Corporation Malaysia Berhad and jointly and severally guaranteed by all the directors of the Company. The term loans bear interest at 3.50% to 10.45% (2021: 3.50% to 10.45%) per annum. The term loans of the Company mature between Year 2024 and Year 2027.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

17 TRADE PAYABLES

The carrying amounts of trade payables approximate their fair value and are denominated in Malaysian Ringgit.

Trade payables are non-interest bearing and are normally settled within 30 days term.

Included in trade payables are amount of RM 6,328,963 (2021: RM 1,030,257) due to related companies.

18 OTHER PAYABLES

	2022	2021
	RM	RM
Accrued operating expenses	94,078	1,087,755
Other payables	388,153	35,522
SST Payable	8,569	4,381
	<u>490,800</u>	<u>1,127,658</u>

19 AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and has no fixed term of repayment in which certain Director have financial interests.

20 AMOUNT DUE TO DIRECTORS

The amount due to Directors are unsecured, interest-free and have no fixed term of repayment.

21 REVENUE

	2022	2021
	RM	RM
Revenue from :-		
Sales of fruits	97,710,216	101,682,875
Nitrogen fee and packaging fee	2,304,643	2,172,218
Transport charges	1,681,709	884,830
	<u>101,696,568</u>	<u>104,739,923</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

22 OTHER INCOME

	2022	2021
	RM	RM
Bank interest income	32,444	27,926
Discount received	5,954	14,659
Dividend income	-	441,000
Gain on foreign exchange – realised	95,308	-
Gain on foreign exchange – unrealised	113,070	-
Government subsidy	-	28,800
Rental income	-	6,000
Storage income	287,560	141,581
Miscellaneous income	425,686	469,209
	<u>960,022</u>	<u>1,129,175</u>

23 FINANCE COST

	2022	2021
	RM	RM
Bank overdraft interest	123,370	9,631
Bank acceptance interest	97,162	18,906
Hire purchase interest	46,448	22,079
Term loan interest	234,710	255,065
Other interest	26,197	100,328
	<u>527,887</u>	<u>406,009</u>

24 STAFF COSTS

	2022	2021
	RM	RM
Staffs' salaries, bonus and allowances	853,928	345,500
EPF contribution	102,500	43,535
EIS contribution	1,037	590
SOCSSO contribution	9,069	5,162
HRDF contribution	15,073	5,638
Other employment costs	442,435	179,335
	<u>1,424,042</u>	<u>579,760</u>
<u>Included in direct costs</u>		
Salaries and bonus	784,884	660,003
EPF contribution	94,429	74,668
EIS contribution	1,173	1,004
SOCSSO contribution	10,357	9,284
Other employment costs	-	41,544
	<u>890,843</u>	<u>786,503</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG.EVER FRESH FOOD (M) SDN. BHD.
Company No: 201401021503 (1097589-V)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

25 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following items:-

	2022	2021
	RM	RM
Audit fee	55,000	55,000
Bad debts written off	43,722	28,796
Commission	333,868	446,834
Directors' fee	732,000	1,812,000
Legal and professional fee	80,554	147,808
Loss on foreign exchange – realised	-	132,913
Rental of premises	-	9,000
Rental of hostel	15,600	14,300
<u>Include in direct costs</u>		
Rental of durian stall	-	27,680
Rental of nitrogen tank	36,000	39,000
Rental of storage	100,748	-

26 TAXATION

	2022	2021
	RM	RM
Based on profit for the financial year:		
-Current year taxation	2,144,325	1,758,910
-Overprovision of taxation for prior year	-	(7,000)
-Deferred taxation (Note 13)	41,067	217,969
	<u>2,185,392</u>	<u>1,969,879</u>

Reconciliation of income tax expense applicable to profit before taxation at the statutory rate to income tax at the effective income tax rate of the Company is as follows :-

	2022	2021
	RM	RM
Profit before taxation	<u>8,250,565</u>	<u>7,875,782</u>
Tax at Malaysia Statutory Rate of 24% (2021: 24%)	1,980,136	1,890,188
Tax effect on non-deductible expenses	232,393	194,904
Income not subject to tax	(27,137)	(109,152)
Deferred taxation under provision for prior year	-	939
Overprovision of taxation for prior year	-	(7,000)
	<u>2,185,392</u>	<u>1,969,879</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
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PHG.EVER FRESH FOOD (M) SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
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26 TAXATION (Continued)

	2022	2021
	RM	RM
Movement in provision for taxation		
At beginning of the year	1,040,258	380,935
Current year income tax	2,144,325	1,758,910
Income tax paid	(2,538,910)	(1,092,587)
Income tax refunded	7,490	-
Overprovision of taxation for prior year	-	(7,000)
At end of the year	<u>653,163</u>	<u>1,040,258</u>

27 RELATED PARTY TRANSACTION

Identify of related parties

Other than disclosed elsewhere in the financial statements, the Company has significant transactions with related parties on terms agreed between the parties concerned as follows:-

	2022	2021
	RM	RM
Key management personnel compensation		
Total compensation	<u>732,000</u>	<u>1,812,000</u>
Related party transactions		
Sales	(741,611)	(149,314)
Miscellaneous income	-	(288,869)
Purchase	65,182,134	22,805,962
Other operating expenses	19,635	-
Purchase of property, plant and equipment	<u>-</u>	<u>6,233,271</u>

28 OPERATING LEASE COMMITMENT

	2022	2021
	RM	RM
Future minimum rental payable: -		
Less than 1 year	1,300	15,600
Between 2 and 5 year	-	1,300
	<u>1,300</u>	<u>16,900</u>

**APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF PEFFM FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG.EVER FRESH FOOD (M) SDN. BHD.
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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

29 DIVIDEND

The amount of the net dividend paid by the Company as follow:-

	Sen per share	Total amount RM	Date of payment
2022			
First interim dividend 2021	100	<u>1,000,002</u>	18 January 2022
2021			
-	-	<u>-</u>	-

30 FINANCIAL INSTRUMENTS

Categories of financial instruments:-

	2022 RM	2021 RM
Financial assets measured at amortised cost		
Trade receivables	11,783,989	1,713,818
Other receivables	2,218,839	403,889
Amount due from related parties	84,016	2,405,268
Cash and cash equivalents	<u>4,028,139</u>	<u>9,805,991</u>
	<u>18,114,983</u>	<u>14,328,966</u>
Financial liabilities measured at amortised cost		
Trade payables	6,991,533	1,578,949
Other payables	490,800	1,127,658
Bank overdraft	2,192	-
Amount due to a related party	19,635	151,000
Amount due to directors	1,768,815	4,838,279
Hire purchase creditors	853,130	418,604
Term loans, secured	<u>3,259,054</u>	<u>4,060,152</u>
	<u>13,385,159</u>	<u>12,174,642</u>

PHG.EVER FRESH FOOD (M) SDN. BHD.

Company No: 201401021503 (1097589-V)

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

31 CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2022	2021
	RM	RM
Corporate guarantees issued to licensed banks in respect of borrowings granted to related companies	<u>26,580,000</u>	<u>15,080,000</u>

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022

CKS ASSOCIATES (AF 002324)
CHARTERED ACCOUNTANTS

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.

Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

GENERAL INFORMATION

Directors

Lye Wee Ken
Leong Yet Wan

Company secretary

Jason Tan Kim Song
(MIA 29081)

Ho Jye Yann (Appointed on 30.11.2021)
(MIA 47949)

Ching Uee (Resigned on 25.08.2021)
(LS0010044)

Registered office

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

Auditors

CKS Associates (AF 002324)

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PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
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DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The directors present their report together with the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company engaged in the business of frozen durian, durian paste, durian pulp and other durian related products. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	<u>1,974,657</u>

DIVIDENDS

No dividends were paid or declared since the end of previous financial period.

The directors do not recommend any dividend in respect of the current financial year on the ordinary shares of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The names of the directors of the Company in office since the date of last report and at the date of this report are:-

Lye Wee Ken
Leong Yet Wan

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director of the Company has received nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:-

	At 01 May 2021	Number of ordinary shares		At 30 April 2022
		Bought	(Sold)	
The Company				
<u>Indirect interest</u>				
Lye Wee Ken *	100	-	-	100
Leong Yet Wan *	100	-	-	100
Ultimate Holding Company				
PHG Ever Fresh Group Sdn. Bhd.				
<u>Direct interest</u>				
Lye Wee Ken	21,925	235,325	(78,000)	179,250
Leong Yet Wan	700	6,300	-	7,000

* Deemed interest by virtue of his interests in PHG Ever Fresh Group Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

DIRECTOR'S REMUNERATION

Director's remuneration paid to directors who held office during the financial year ended 30 April 2022 are disclosed in Note 14 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

ISSUE OF SHARES OR DEBENTURES

There were no issue of shares or debentures by the Company during the financial year.

OPTION GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting record in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:-
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

OTHER STATUTORY INFORMATION (Continued)

(f) In the opinion of the directors:-

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

HOLDING COMPANY

The immediate and ultimate holding company is PHG Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors' remuneration is disclosed in Note 15 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, CKS Associates, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.



LYE WEE KEN
(DIRECTOR)



LEONG YET WAN
(DIRECTOR)

Date: **26 OCT 2022**

PHG.EVER FRESH FOOD (TK) SDN. BHD.

Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016
For the financial year ended 30 April 2022

In the opinion of the Directors, the financial statements set out on pages 10 to 33 are drawn up in accordance with Malaysian Private Entities 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 Company as of 30 April 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.



LYE WEE KEN
(DIRECTOR)
26 OCT 2022



LEONG YET WAN
(DIRECTOR)

STATUTORY DECLARATION

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

I, LYE WEE KEN, being the Director primarily responsible for the financial management of PHG.EVER FRESH FOOD (TK) SDN. BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 33 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

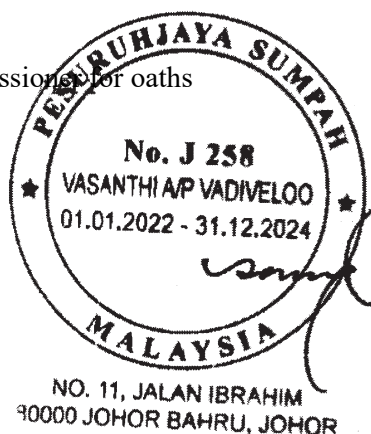
Subscribed and solemnly declared by the)
abovenamed LYE WEE KEN)
at Johor Bahru in the state of Johor)
on **26 OCT 2022**)



LYE WEE KEN

Before me,

Commissioner for oaths





顺兴会计公司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
Tel : 07-351 3666 Fax : 07-351 4666



A MEMBER FIRM OF THE
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PHG.Ever Fresh Food (TK) Sdn Bhd, which comprise the statement of financial position as at 30 April 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and of their financial performance and their cash flows for the period then ended in accordance with Malaysia Private Entities Reporting Standard ("MPERS") 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 Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia 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.

Information other than the financial statements and auditors' reports thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report set out on pages 1 to 4, but does not include the financial statements of the Company and our auditors' report thereon.

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Information other than the financial statements and auditors' reports thereon (Continued)

In connection with our audit of the financial statements 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of directors for the financial statements

The directors of the Company is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysia Private Entities Reporting Standard ("MPERS") 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the 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 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 director's 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 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 Company, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)**

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.

CKS ASSOCIATES
Firm No : AF 002324
Chartered Accountants

Johor Bahru, Malaysia.

Date: **26 OCT 2022**

LEE CHIA SIN
Approval No.03419/02/2023 J
Chartered Accountant

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	NOTE	2022 RM	2021 RM
ASSETS			
Non-current asset			
Property, plant and equipment	6	<u>809,902</u>	<u>830,547</u>
Current assets			
Trade receivable	7	1,083,970	1,012,085
Other receivables	8	248,955	50,906
Cash and bank balances		<u>177,962</u>	<u>275,142</u>
		<u>1,510,887</u>	<u>1,338,133</u>
TOTAL ASSETS		<u><u>2,320,789</u></u>	<u><u>2,168,680</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	100	100
Retained earnings / (accumulated losses)		<u>1,745,184</u>	<u>(229,473)</u>
		<u>1,745,284</u>	<u>(229,373)</u>
Non-current liability			
Deferred taxation	10	<u>33,632</u>	<u>-</u>
Current liabilities			
Other payables	11	43,057	2,398,053
Provision for taxation	16	<u>498,816</u>	<u>-</u>
		<u>541,873</u>	<u>2,398,053</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,320,789</u></u>	<u><u>2,168,680</u></u>

The notes form an integral part of these financial statements

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

		01.05.2021 to 30.04.2022 RM	30.04.2020 to 30.04.2021 RM
	NOTE		
Revenue	12	11,679,326	1,314,531
Other income	13	1,346	884
TOTAL REVENUE		<u>11,680,672</u>	<u>1,315,415</u>
COST AND EXPENSES			
Purchase and other incidental cost		8,652,293	1,171,237
Depreciation of property, plant and equipment		131,207	113,377
Staff costs	14	13,790	-
Other operating expenses		376,277	260,274
TOTAL COST AND EXPENSES		<u>9,173,567</u>	<u>1,544,888</u>
Profit / (loss) before taxation	15	2,507,105	(229,473)
Taxation	16	(532,448)	-
Profit / (loss) for the financial year / period		<u>1,974,657</u>	<u>(229,473)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss) for the financial year / period		<u>1,974,657</u>	<u>(229,473)</u>

The notes form an integral part of these financial statements

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	Share capital RM	(Accumulated losses) / Retained earnings RM	Total RM
At 30 April 2020 (Date of incorporation)	100	-	100
Total comprehensive loss for the financial period	-	(229,473)	(229,473)
At 30 April 2021	100	(229,473)	(229,373)
Total comprehensive income for the financial year	-	1,974,657	1,974,657
At 30 April 2022	100	1,745,184	1,745,284

The notes form an integral part of these financial statements

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	01.05.2021 to 30.04.2022 RM	30.04.2020 to 30.04.2021 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,507,105	(229,473)
Adjustments for :-		
Depreciation of property, plant and equipment	131,207	113,377
Operating profit / (loss) before working capital changes	2,638,312	(116,096)
Increase in trade and other receivables	(269,934)	(1,062,991)
(Decrease) / increase in other payables	(2,354,996)	2,398,053
Net cash generated from operating activities	13,382	1,218,966
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(110,562)	(943,924)
Net cash used in investing activity	(110,562)	(943,924)
CASH FLOW FROM FINANCING ACTIVITY		
Issuance of share capital	-	100
Net cash generated from financing activity	-	100
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(97,180)	275,142
CASH AND BANK BALANCES AT BEGINNING OF THE YEAR / DATE OF INCORPORATION	275,142	-
CASH AND BANK BALANCES AT END OF THE YEAR / PERIOD	177,962	275,142

The notes form an integral part of these financial statements

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1 CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding company is PHG Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company engaged in the business of frozen durian, durian paste, durian pulp and other durian related products. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at 8A, Jalan Harmonium 35/2, Taman Desa Terbau, 81100 Johor Bahru, Johor.

The principal place of business of the Company is located at No. 10, Jalan Waja, Taman Kangkar Jaya, 84400 Bukit Kangkar, Muar, Johor.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorized for issue by the Board of Directors on

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act 2016.

3 BASIS OF PREPARATION

The financial statement of the Company have been prepared using cost and fair value bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumption are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The area involving significant judgements and estimation uncertainties are disclosed in Note 5.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the estimated remaining useful life on straight line basis. The principal annual rates used are as follows:-

Assets	Rates per annum
	%
Air conditioner	20
Computer and software	30
Cold room	10
Machinery	15
Renovation	10
Tools and equipment	15

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Company's asset exceeds its recoverable amount.

At the end of each reporting period date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or then the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or canceled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised cost.

PHG.EVER FRESH FOOD (TK) SDN. BHD.
Company No: 202001010633 (1366953-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (Continued)

(c) Subsequent measurement of financial assets (Continued)

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale other disposal. All other equity investments which cannot be measured reliably without undue cost or effort are measured at cost less accumulated impairment.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.3(g).

(d) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumption.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (Continued)

(g) Impairment and uncollectibility of financial assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individual significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Share Capital and Distributions

(a) Share capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Finance and Operating Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Lessee Accounting

The Company capitalises the underlying leased asset and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with the applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Operating Leases

The Company does not capitalise the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expenses on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Finance and Operating Leases (Continued)

Leases of Land and Buildings

For a lease that includes land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately in accordance with the indicators in Section 20 Leases of MPERS. The minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. If substantially all of the risks and rewards incidental to ownership have been transferred to a lessee, the leasehold land and buildings are treated as a finance lease and capitalised as an item of property, plant and equipment. Short-term leases of land and buildings are treated as operating leases and the underlying leased assets are not capitalised. Any upfront lease payments are classified as a prepaid lease payment, an intangible asset in the nature of right-of-use asset.

4.6 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Provisions (Continued)

A provision is measure at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfill the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applies in the measurement, taking into account past court judgement made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.7 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associates with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.8 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Tax Assets and Tax Liabilities (Continued)

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition difference include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Employee Benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when they absence occur.

(b) Post-Employment Benefits – Defined Contribution Plans

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

4.10 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active market for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumption Applied

In the selection of accounting policies for the Company, the areas that require significant judgements and assumptions is:-

Classification of Finance and Operating Leases

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for a least 75% the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

The Company classifies a lease of land as a finance lease if the fair value of the leasehold land is 90% or more of the fair value of an equivalent freehold land or if the lease period, determined at the inception of the lease, is 50 years or more. Leases of land that do not meet any of these criteria are classified as operating leases.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

(a) Measurement of Provision

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.2 Estimation Uncertainty (Continued)

(b) Loss Allowances of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Measurement of Income Tax

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

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**NOTES TO THE FINANCIAL STATEMENTS
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6 PROPERTY, PLANT AND EQUIPMENT

	At 01.05.2021	Additional	Disposal	At 30.04.2022
Cost	RM	RM	RM	RM
Air conditioner	-	15,890	-	15,890
Computer and software	-	22,020	-	22,020
Cold room	350,000	-	-	350,000
Machinery	352,961	-	-	352,961
Renovation	214,221	57,052	-	271,273
Tools and equipment	26,742	15,600	-	42,342
Total	943,924	110,562	-	1,054,486

	At 01.05.2021	Charge for the year	Disposal	At 30.04.2022
Accumulated depreciation	RM	RM	RM	RM
Air conditioner	-	3,178	-	3,178
Computer and software	-	6,606	-	6,606
Cold room	35,000	35,000	-	70,000
Machinery	52,944	52,944	-	105,888
Renovation	21,422	27,127	-	48,549
Tools and equipment	4,011	6,352	-	10,363
Total	113,377	131,207	-	244,584

	2022 RM	2021 RM
Net Book Value		
Air conditioner	12,712	-
Computer and software	15,414	-
Cold room	280,000	315,000
Machinery	247,073	300,017
Renovation	222,724	192,799
Tools and equipment	31,979	22,731
Total	809,902	830,547

6.1 During the financial year, property, plant and equipment are acquired as follows:

	2022 RM	2021 RM
By cash	110,562	943,924

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7 TRADE RECEIVABLE

The carrying amount of trade receivable approximates its fair value and is denominated in Malaysia Ringgit.

The average credit term granted to customer range from 30 to 60 days term.

Included in trade receivable is an amount of RM 1,083,970 (2021: RM 1,012,085) due from a related party in which certain Directors have financial interests.

8 OTHER RECEIVABLES

	2022 RM	2021 RM
Deposits	47,359	50,906
Other receivables	201,596	-
	<u>248,955</u>	<u>50,906</u>

9 SHARE CAPITAL

	2022 RM	2021 RM
Number of shares:-		
Ordinary shares		
At 01 May 2021 / 30 April 2020 (Date of incorporation)	100	100
Issuance during the financial year / period	-	-
At 30 April	<u>100</u>	<u>100</u>

	2022 Unit	2021 Unit
Number of shares:-		
Ordinary shares		
At 01 May 2021 / 30 April 2020 (Date of incorporation)	100	100
Issuance during the financial year / period	-	-
At 30 April	<u>100</u>	<u>100</u>

10 DEFERRED TAX LIABILITY

	2022 RM	2021 RM
At beginning of the year / date of incorporation	-	-
Charged to statement of comprehensive income (Note 16)	33,632	-
At end of the year / period	<u>33,632</u>	<u>-</u>

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11 OTHER PAYABLES

	2022	2021
	RM	RM
Accrued of operating expenses	41,983	4,280
Other payables	1,074	865
Amount due to a related party *	-	2,392,908
	<u>43,057</u>	<u>2,398,053</u>

* The amount due to a related party for previous financial year is unsecured, interest-free and has no fixed term of repayment in which certain Director have financial interests.

12 REVENUE

	01.05.2021	30.04.2020
	to	to
	30.04.2022	30.04.2021
	RM	RM
Revenue from:-		
- Sales of durian and durian products	<u>11,679,326</u>	<u>1,314,531</u>

13 OTHER INCOME

	01.05.2021	30.04.2020
	to	to
	30.04.2022	30.04.2021
	RM	RM
Interest received	1,346	462
Miscellaneous income	-	422
	<u>1,346</u>	<u>884</u>

14 STAFF COSTS

	01.05.2021	30.04.2020
	to	to
	30.04.2022	30.04.2021
	RM	RM
Director's remuneration	12,000	-
EPF contribution	1,560	-
Socso contribution	207	-
EIS contribution	23	-
	<u>13,790</u>	<u>-</u>

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

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15 PROFIT / (LOSS) BEFORE TAXATION

	01.05.2021 to 30.04.2022 RM	30.04.2020 to 30.04.2021 RM
Profit / (loss) before tax is stated after charging the following items:-		
Auditors' remuneration	9,800	4,200
Incorporation fee	-	3,200
Rental of premises	90,000	91,500
<u>Include in direct costs</u>		
Rental of nitrogen tank	9,000	-
Rental of storage	4,061	-
	<u> </u>	<u> </u>

16 TAXATION

	01.05.2021 to 30.04.2022 RM	30.04.2020 to 30.04.2021 RM
Based on profit / (loss) for the financial year / period:		
- Current year / period taxation	498,816	-
- Deferred taxation (Note 10)	33,632	-
	<u>532,448</u>	<u> </u>

Reconciliation of income tax expense applicable to profit / (loss) before taxation at the statutory rate to income tax at the effective income tax rate of the Company is as follows:-

	01.05.2021 to 30.04.2022 RM	30.04.2020 to 30.04.2021 RM
Profit / (loss) before taxation	<u>2,507,105</u>	<u>(229,473)</u>
Tax at Malaysia Statutory Rate of 24% (2021: 17%)	601,705	(39,010)
Effect of different tax rate for small and medium scale company of 17% (2021: 17%) for the first RM 600,000 (2021: RM 600,000) chargeable income	(42,000)	-
Tax effect on non-deductible expenses	12,149	10,348
Deferred taxation not recognised for current period	-	28,662
Utilisation of deferred tax assets not recognised previously	(27,604)	-
Effect of change in tax rate	(11,802)	-
	<u>532,448</u>	<u> </u>

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF PEFTK FOR THE FYE 30 APRIL 2022 (Cont'd)

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16 TAXATION (Continued)

	2022	2021
	RM	RM
Movement in provision for taxation		
At beginning of the year / date of incorporation	-	-
Current year / period income tax	498,816	-
Income tax paid	-	-
At end of the year / period	<u>498,816</u>	<u>-</u>

17 NON-CANCELABLE OPERATING LEASE

Company is a lessee

	2022	2021
	RM	RM
Lease as a lessee		
Future minimum rental payable: -		
Less than 1 year	90,000	90,000
Between 2 years and 5 years	15,000	105,000
	<u>105,000</u>	<u>195,000</u>

18 RELATED PARTIES TRANSACTION

Identify of related parties

Other than disclosed elsewhere in the financial statements, the Company has significant transactions with related parties on terms agreed between the parties concerned as follows:-

	2022	2021
	RM	RM
Key management personnel compensation		
Total compensation	<u>13,790</u>	<u>-</u>
	2022	2021
	RM	RM
Related parties transaction		
Sales	(10,864,205)	(1,076,632)
Purchase	515,564	1,950
Other operating expenses	-	29,795
Purchase of plant, property and equipment	<u>-</u>	<u>26,742</u>

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19 FINANCIAL INSTRUMENTS

Categories of financial instruments:-

	2022 RM	2021 RM
Financial assets measured at amortised cost		
Trade receivable	1,083,970	1,012,085
Other receivables	248,955	50,906
Cash and bank balances	177,962	275,142
	<u>1,510,887</u>	<u>1,338,133</u>
	2022 RM	2021 RM
Financial liability measured at amortised cost		
Other payables	43,057	2,398,053

20 COMPARATIVE FIGURE

The previous period's financial statement of the Company covered the financial period from 30 April 2020 (Date of incorporation) to 30 April 2021.

The current financial year covered period of 12 months to 30 April 2022.

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

**CKS ASSOCIATES (AF 002324)
CHARTERED ACCOUNTANTS**

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

GENERAL INFORMATION

Directors

Leong Kam Yau
Leong Si Kin
Lye Wee Tin

Company secretaries

Jason Tan Kim Song
(MIA 29081)

Ho Jye Yann (Appointed on 30.11.2021)
(MIA 47949)

Ching Uee (Resigned on 25.08.2021)
(LS 0010044)

Registered office

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

Auditors

CKS Associates (AF 002324)

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APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Directors presents their report together with the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the wholesale of durian and other fruits. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	<u>4,358,614</u>

DIVIDENDS

The amount of dividends paid by the Company during the financial year ended 30 April 2022 was as follow:-

	RM
In respect of financial year ended 30 April 2021	
First interim tax exempt single-tier dividend of RM 0.50 per ordinary shares, declared on 17 January 2022 and paid on 18 January 2022	<u>1,000,000</u>

The Directors do not recommend any final dividend in respect of the current financial year on the ordinary shares of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The name of the Directors of the Company in office since the date of last report and at the date of this report are:-

Leong Kam Yau
Leong Si Kin
Lye Wee Tin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company was a party, whereby the Director might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

**APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

**DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

DIRECTORS' BENEFITS (Continued)

Since the end of previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year as recorded in the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows :-

	At 01 May 2021	Number of ordinary shares Bought Sold		At 30 April 2022
Company				
<u>Indirect interest</u>				
Leong Kam Yau *	1,000,000	1,000,000	-	2,000,000
Leong Si Kin *	1,000,000	1,000,000	-	2,000,000
Lye Wee Tin *	1,000,000	1,000,000	-	2,000,000
Ultimate Holding Company				
Phg Ever Fresh Group Sdn Bhd				
<u>Direct interest</u>				
Leong Kam Yau	20,405	183,645	-	204,050
Leong Si Kin	20,270	182,430	-	202,700
Lye Wee Tin	11,820	106,380	(10,000)	108,200

* Deemed interest by virtue of their interests in Phg Ever Fresh Group Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

DIRECTOR'S REMUNERATION

Directors' fee paid to Directors who held office during the financial year ended 30 April 2022 is disclosed in Note 22 to the financial statements respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity coverage and insurance premium paid for Director and officers of the Company during the financial year.

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ISSUE OF SHARES OR DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from 1,000,000 to 2,000,000 ordinary shares by way of the issuance of 1,000,000 ordinary shares for a total cash consideration of RM 1,000,000 to provide for additional working capital.

There were no issue of debentures by the Company during the financial year.

OPTION GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting record in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

OTHER STATUTORY INFORMATION (Continued)

- (e) At the date of this report, there does not exist:-
- (i) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial period.
- (f) In the opinion of the Directors:-
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

HOLDING COMPANY

The immediate and ultimate holding company is Phg Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors' remuneration is disclosed in Note 22 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, CKS Associates, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.



LEONG KAM YAU
(DIRECTOR)



LEONG SI KIN
(DIRECTOR)

Date: 26 OCT 2022

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016
For the financial year ended 30 April 2022

In the opinion of the Directors, the financial statements set out on pages 10 to 40 are drawn up in accordance with Malaysian Private Entities 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 Company as of 30 April 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.



LEONG KAM YAU
(DIRECTOR)

26 OCT 2022



LEONG SI KIN
(DIRECTOR)

STATUTORY DECLARATION

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

I, LEONG KAM YAU, being the Director primarily responsible for the financial management of PHG WHOLESALE & RETAIL SDN. BHD., do solemnly and sincerely declare that the accompanying financial statement set out on pages 10 to 40 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
Abovenamed LEONG KAM YAU)
at Johor Bahru in the state of Johor)
on)

26 OCT 2022

Before me,

Commissioner for oaths



LEONG KAM YAU

39A, JALAN HARMONIUM 35/1,
TAMAN DESA TEBRAU,
81100 JOHOR BAHRU, JOHOR.



顺兴会计公司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
Tel : 07-351 3666 Fax : 07-351 4666



A MEMBER FIRM OF THE
MALAYSIAN INSTITUTE OF ACCOUNTANTS
(Established under the
Accountants Act 1967)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG WHOLESALE & RETAIL SDN. BHD.**
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Phg Wholesale & Retail Sdn. Bhd., which comprise the statement of financial position as at 30 April 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Private Entities Reporting Standard ("MPERS") 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 Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia 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.

Information other than the financial statements and auditors' reports thereon

The Directors of the Company is responsible for the other information. The other information comprises the Directors' Report set out on pages 1 to 4, but does not include the financial statements of the Company and our auditors' report thereon.

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG WHOLESALE & RETAIL SDN. BHD.**
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Information other than the financial statements and auditors' reports thereon (Continued)

In connection with our audit of the financial statements 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of directors for the financial statements

The Directors of the Company is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard ("MPERS") 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements 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 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 Director's 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 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 Company, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

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.

CKS ASSOCIATES
Firm No : AF 002324
Chartered Accountants

Johor Bahru, Malaysia

Date: **26 OCT 2022**

LEE CHIA SIN
Approval No.03419/02/2023 J
Chartered Accountant

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	NOTE	2022 RM	2021 RM
ASSETS			
Non-current asset			
Property, plant and equipment	6	<u>1,261,927</u>	<u>315,505</u>
Current assets			
Trade receivables	7	5,535,965	348,476
Other receivables	8	109,729	45,070
Cash and cash equivalent	9	<u>4,623,067</u>	<u>4,123,849</u>
		<u>10,268,761</u>	<u>4,517,395</u>
TOTAL ASSETS		<u><u>11,530,688</u></u>	<u><u>4,832,900</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,000,000	1,000,000
Retained earnings		<u>6,021,695</u>	<u>2,663,081</u>
		<u>8,021,695</u>	<u>3,663,081</u>
Non-current liabilities			
Deferred taxation	12	4,518	13,031
Hire purchase creditors	13	<u>268,772</u>	<u>44,604</u>
		<u>273,290</u>	<u>57,635</u>
Current liabilities			
Trade payables	14	684,798	24,672
Other payables	15	751,900	121,229
Bank overdraft	9	88,760	-
Amount due to a director	16	27,774	70,000
Amount due to a related company	17	62,000	190
Hire purchase creditors	13	71,433	14,065
Provision for taxation	23	<u>1,549,038</u>	<u>882,028</u>
		<u>3,235,703</u>	<u>1,112,184</u>
TOTAL EQUITY AND LIABILITIES		<u><u>11,530,688</u></u>	<u><u>4,832,900</u></u>

The notes form an integral part of these financial statements

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

		01.05.2021	04.08.2020
		To	To
		30.04.2022	30.04.2021
	NOTE	RM	RM
Revenue	18	122,451,611	62,895,586
Other income	19	359,079	9,045
TOTAL REVENUE		<u>122,810,690</u>	<u>62,904,631</u>
COST AND EXPENSES			
Purchases and other incidental costs		110,667,508	57,377,354
Depreciation of property, plant and equipment		170,712	78,647
Finance costs	20	102,390	2,864
Staff costs	21	1,257,381	192,726
Other operating expenses		4,713,560	1,694,900
TOTAL COST AND EXPENSES		<u>116,911,551</u>	<u>59,346,491</u>
Profit before taxation	22	5,899,139	3,558,140
Taxation	23	(1,540,525)	(895,059)
Profit for the financial year / period		<u>4,358,614</u>	<u>2,663,081</u>
Other comprehensive income		-	-
Total comprehensive income for the financial year / period		<u>4,358,614</u>	<u>2,663,081</u>

The notes form an integral part of these financial statements

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	NOTE	Share capital RM	Retained earnings RM	Total RM
At 4 August 2020 (Date of incorporation)		100	-	100
Issuance of ordinary share capital		999,900	-	999,900
Total comprehensive income for the financial period		-	2,663,081	2,663,081
At 30 April 2021		<u>1,000,000</u>	<u>2,663,081</u>	<u>3,663,081</u>
Issuance of ordinary share capital		1,000,000	-	-
Dividend paid	24		(1,000,000)	(1,000,000)
Total comprehensive income for the financial year		-	4,358,614	4,358,614
At 30 April 2022		<u><u>2,000,000</u></u>	<u><u>6,021,695</u></u>	<u><u>8,021,695</u></u>

The notes form an integral part of these financial statements

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	01.05.2021 To 30.04.2022 RM	04.08.2020 To 30.04.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,899,139	3,558,140
Adjustments for:-		
Depreciation of property, plant and equipment	170,712	78,647
Finance cost	102,390	2,864
Operating profit before working capital changes	6,172,241	3,639,651
Changes in working capitals:-		
Increase in trade and other receivables	(5,252,148)	(393,546)
Increase in trade and other payables	1,290,797	145,900
Net cash generated from operations	2,210,890	3,392,005
Less: Interest paid	(102,390)	(2,864)
:Tax paid	(882,028)	-
Net cash generated from operating activities	1,226,472	3,389,141
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(807,134)	(394,152)
Net cash used in investing activity	(807,134)	(394,152)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	1,000,000	1,000,000
Dividend paid	(1,000,000)	-
Proceeds from hire purchase creditors	-	64,000
Repayment to hire purchase creditors	(28,464)	(5,330)
Advance from a director	(42,226)	70,000
Advance from a related company	61,810	190
Net cash (used in) / generated from financing activities	(8,880)	1,128,860
NET INCREASE IN CASH AND CASH EQUIVALENTS	410,458	4,123,849
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR / DATE OF INCORPORATION (NOTE 9)	4,123,849	-
CASH AND CASH EQUIVALENT AT END OF THE YEAR / PERIOD (NOTE 9)	4,534,307	4,123,849

The notes form an integral part of these financial statements

PHG WHOLESALE & RETAIL SDN. BHD.

Company No: 202001021765 (1378085-M)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1 CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The immediate and ultimate holding company is Phg Ever Fresh Group Sdn. Bhd., a company incorporated in Malaysia.

The Company is principally engaged in the wholesale of durian and other fruits. There has been no significant change in the nature of these activities during the financial year ended.

The registered office of the Company is located at 8A, Jalan Harmonium 35/2, Taman Desa Tebrau, 81100 Johor Bahru, Johor.

The principal place of business of the Company is located at Lot 10380 GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Director on

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act 2016.

3 BASIS OF PREPARATION

The financial statement of the Company have been prepared using cost and fair value basis.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumption are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The area involving significant judgements and estimation uncertainties are disclosed in Note 5.

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land and capital work-in-progress are not depreciated but are subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the estimated remaining useful life on straight line basis. The principal annual rates used are as follows:-

Assets	Rate per annum %
Computers	30
CCTV	20
Furniture and fittings	10
Motor vehicles	20
Office equipment	15

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Foreign Currency Translations and Operations

The functional currency of the Company is the Malaysian Ringgit. Transactions denominated in foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

4.3 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Company's asset exceeds its recoverable amount.

At the end of each reporting period date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Impairment of Non-Financial Assets (Continued)

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.4 Financial Instruments

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or then the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Financial Instruments (Continued)

(b) Derecognition of financial instruments (Continued)

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or canceled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal. All other equity investments which cannot be measured reliably without undue cost or effort are measured at cost less accumulated impairment.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.4(g).

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Financial Instruments (Continued)

(d) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumption.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment and uncollectibility of financial assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Financial Instruments (Continued)

(g) Impairment and uncollectibility of financial assets (Continued)

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individual significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Share Capital and Distributions

(a) Share capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Finance and Operating Leases

The Company recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

Lessee Accounting

The Company capitalised the underlying leased asset and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are classified by nature and accounted for in accordance with the applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Operating Leases

The Company does not capitalised the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expenses on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Finance and Operating Leases (Continued)

Leases of Land and Buildings

For a lease that includes land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately in accordance with the indicators in Section 20 Leases of MPERS. The minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. If substantially all of the risks and rewards incidental to ownership have been transferred to a lessee, the leasehold land and buildings are treated as a finance lease and capitalised as an item of property, plant and equipment. Short-term leases of land and buildings are treated as operating leases and the underlying leased assets are not capitalised. Any upfront lease payments are classified as a prepaid lease payment, an intangible asset in the nature of right-of-use asset.

4.7 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if there conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measure at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**4 SIGNIFICANT ACCOUNTING POLICIES (Continued)****4.7 Provisions (Continued)**

For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfill the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applies in the measurement, taking into account past court judgement made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.8 Borrowing Costs

Borrowing costs of the Company include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

4.9 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associates with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition difference include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Tax Assets and Tax Liabilities (Continued)

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.11 Employee Benefits

The Company recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Company consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(a) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when they absence occur.

(b) Post-Employment Benefits – Defined Contribution Plans

The Company makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Company has no further payment obligations.

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NOTES TO THE FINANCIAL STATEMENTS
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4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active market for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

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NOTES TO THE FINANCIAL STATEMENTS
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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumption Applied

In the selection of accounting policies for the Company, the areas that require significant judgements and assumptions are in:-

(a) Classification of Finance and Operating Leases

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for a least 75% the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

The Company classifies a lease of land as a finance lease if the fair value of the leasehold land is 90% or more of the fair value of an equivalent freehold land or if the lease period, determined at the inception of the lease, is 50 years or more. Leases of land that do not meet any of these criteria are classified as operating leases.

(b) Determining the Functional Currency

The Company conducts sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Company uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expenses indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

(a) Measurement of Provision

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

(b) Loss Allowances of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company’s past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company’s financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS
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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.2 Estimation Uncertainty (Continued)

(d) Measurement of Income Tax

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.

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NOTES TO THE FINANCIAL STATEMENTS
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6 PROPERTY, PLANT AND EQUIPMENT

	At 01.05.2021 RM	Additions RM	Disposal RM	At 30.04.2022 RM
Cost				
Computers	7,245	48,266	-	55,511
CCTV	13,757	-	-	13,757
Furniture and fittings	-	29,273	-	29,273
Motor vehicles	355,000	368,327	-	723,327
Office equipment	18,150	6,618	-	24,768
Building under construction	-	664,650	-	664,650
	394,152	1,117,134	-	1,511,286

	At 01.05.2021 RM	Charge for the year RM	Disposal RM	At 30.04.2022 RM
Accumulated Depreciation				
Computers	2,174	16,653	-	18,827
CCTV	2,751	2,752	-	5,503
Furniture and fittings	-	2,927	-	2,927
Motor vehicles	71,000	144,665	-	215,665
Office equipment	2,722	3,715	-	6,437
Building under construction	-	-	-	-
	78,647	170,712	-	249,359

	2022 RM	2021 RM
Net Book Value		
Computers	36,684	5,071
CCTV	8,254	11,006
Furniture and fittings	26,346	-
Motor vehicles	507,662	284,000
Office equipment	18,331	15,428
Building under construction	664,650	-
	1,261,927	315,505

During the financial year, property, plant and equipment are acquired as follow:

	2022 RM	2021 RM
By cash	807,134	267,152
By hire purchase	310,000	127,000
	1,117,134	394,152

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NOTES TO THE FINANCIAL STATEMENTS
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6 PROPERTY, PLANT AND EQUIPMENT (Continued)

- 6.1 Included in the property, plant and equipment is a motor vehicle with a total net book value of RM 370,861 (2021: RM 101,600) which was acquired under hire purchase arrangement as disclose in Note 13 to the financial statements.
- 6.2 During the financial year, the Company's building under construction has not yet completed. Hence no depreciation is provided for the current financial year.

7 TRADE RECEIVABLES

The carrying amounts of trade receivables approximate their fair value and are denominated in Malaysian Ringgit.

The average credit term granted to customers range from 30 to 60 days term.

Included in trade receivables is an amount of RM 5,244,993 (2021: RM 18,172) due from a related party in which certain Directors have financial interests.

Trade receivables are denominated in the following currencies:-

	2022	2021
	RM	RM
Malaysian Ringgit	5,383,260	220,761
Singapore Dollar	152,705	127,715
	<u>5,535,965</u>	<u>348,476</u>

8 OTHER RECEIVABLES

	2022	2021
	RM	RM
Deposits	87,000	18,550
Other receivable	-	20,000
Prepayment of operating expenses	22,729	6,520
	<u>109,729</u>	<u>45,070</u>

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

9 CASH AND CASH EQUIVALENTS

	2022	2021
	RM	RM
Cash in hand	275,915	595,276
Bank balances	1,747,152	3,528,573
Fixed deposit*	2,600,000	-
	<u>4,623,067</u>	<u>4,123,849</u>
Bank overdraft (Note 11)	(88,760)	-
	<u>4,534,307</u>	<u>4,123,849</u>

*The fixed deposit earned simple interest at the rates of 1.60% per annum.

10 SHARE CAPITAL

	2022	2021
	RM	RM
Issued and fully-paid:-		
Ordinary shares		
At 01 May 2021 / 4 August 2020 (Date of incorporation)	1,000,000	100
Issuance during the financial year / period	<u>1,000,000</u>	<u>999,900</u>
At 30 April	<u>2,000,000</u>	<u>1,000,000</u>

	2022	2021
	RM	Unit
Number of shares:-		
Ordinary share		
At 01 May 2021 / 4 August 2020 (Date of incorporation)	1,000,000	100
Issuance during the financial year / period	<u>1,000,000</u>	<u>999,900</u>
At 30 April	<u>2,000,000</u>	<u>1,000,000</u>

During the financial year, the Company increased its issued and paid-up share capital from 1,000,000 to 2,000,000 ordinary shares by way of the issuance of 1,000,000 ordinary shares for a total cash consideration of RM 1,000,000 to provide for additional working capital.

11 BANKING FACILITIES

	2022	2021
	RM	RM
<i>Banking Facilities limits are as follows:-</i>		
Bank overdraft	<u>10,000,000</u>	<u>-</u>

The bank overdraft are joint and severally guaranteed by all director of the Company. Bank overdraft is corporate guarantee by a related company and holding company in which certain director of the Company have financial interest. Bank overdraft bears interest rate of 6.89% per annum.

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

12 DEFERRED TAX LIABILITY

	2022	2021
	RM	RM
At the beginning of the year / date of incorporation	13,031	-
(Reverse from) / charged to statement of comprehensive income (Note 23)	(8,513)	13,031
At end of the year / period	<u>4,518</u>	<u>13,031</u>

13 HIRE PURCHASE CREDITOR

The Company purchases its motor vehicle under hire purchase agreement. This hire purchase is classified as finance lease.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:-

	2022	2021		
	<u>Minimum</u>	<u>Present</u>	<u>Minimum</u>	<u>Present</u>
	<u>payments</u>	<u>value of</u>	<u>payments</u>	<u>value of</u>
	RM	RM	RM	RM
Less than one year	91,272	71,433	19,668	14,065
Between one and five years	297,771	268,772	50,780	44,604
Total minimum lease payments	<u>389,043</u>	<u>340,205</u>	<u>70,448</u>	<u>58,669</u>
Less : Finance charges				
allocated to future periods	(48,838)	-	(11,779)	-
	<u>340,205</u>	<u>340,205</u>	<u>58,669</u>	<u>58,669</u>

The effective interest rate on hire purchase at the date of the statement of financial position is range on 5.12% - 10.49% (2021: 10.49%) per annum.

14 TRADE PAYABLES

The carrying amounts of trade payables approximate their fair value and are denominated in Malaysian Ringgit.

Trade payables are non-interest bearing and are normally settled within 30 days.

Included in trade payables are amount of RM 351,040 (2021: RM 540) due to related parties in which certain Directors have financial interests.

**APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

14 TRADE PAYABLES (Continued)

Trade payables are denominated in the following currencies:-

	2022	2021
	RM	RM
Malaysian Ringgit	653,317	24,672
Singapore Dollar	31,481	-
	<u>684,798</u>	<u>24,672</u>

15 OTHER PAYABLES

	2022	2021
	RM	RM
Accrued operating expenses	713,588	120,459
Other payables	38,312	770
	<u>751,900</u>	<u>121,229</u>

16 AMOUNT DUE TO A DIRECTOR

The amount due to a Director is unsecured, interest-free and has no fixed term of repayment.

17 AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and has no fixed term of repayment in which certain Directors have financial interests.

18 REVENUE

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Revenue from:-		
Sales of durian	121,575,578	62,117,406
Sales of fruits	857,423	747,969
Transport charges	18,610	30,211
	<u>122,451,611</u>	<u>62,895,586</u>

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

19 OTHER INCOME

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Discount received	-	84
Gain on foreign exchange - realised	354,778	-
Gain on foreign exchange - unrealised	1,800	-
Miscellaneous income	2,343	3,109
Sales of bucket and gloves	158	5,852
	<u>359,079</u>	<u>9,045</u>

20 FINANCE COSTS

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Hire purchase interest	10,765	2,864
Overdraft interest	91,625	-
	<u>102,390</u>	<u>2,864</u>

21 STAFF COSTS

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Staffs' salaries	994,730	137,180
EPF contribution	117,348	16,378
EIS contribution	1,629	243
SOCSSO contribution	14,246	2,127
HRDF	3,129	-
Other employment costs	126,299	36,798
	<u>1,257,381</u>	<u>192,726</u>

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

22 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following items:-

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Auditors' remuneration	51,500	28,000
Commission	365,334	13,400
Directors' fee	1,080,000	-
Loss on foreign exchange - realised	-	10,791
Legal and professional fee	142,690	1,661
Preliminary expenses	-	3,200
Rental of durian stall	39,300	17,800
Rental of land	13,600	4,000
Rental of hostel	2,400	-
	<u>2,400</u>	<u>-</u>

23 TAXATION

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Based on profit for the financial year / period:		
-Current year / period taxation	1,549,038	882,028
-Deferred taxation (Note 12)	(8,513)	13,031
	<u>1,540,525</u>	<u>895,059</u>

Reconciliation of income tax expense applicable to profit before taxation at the statutory rate to income tax at the effective income tax rate of the Company is as follows :-

	01.05.2021	04.08.2020
	To	To
	30.04.2022	30.04.2021
	RM	RM
Profit before taxation	<u>5,899,139</u>	<u>3,558,140</u>
Tax at Malaysia Statutory Rate of 24% (2021: 24%)	1,415,792	853,954
Tax effect on non-deductible expenses	125,165	41,105
Income not subject to tax	(432)	-
	<u>1,540,525</u>	<u>895,059</u>

**APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

23 TAXATION (Continued)

	2022 RM	2021 RM
Movement in provision for taxation		
At beginning of the year / date of incorporation	882,028	-
Income tax paid	(882,028)	-
Current year / period taxation	<u>1,549,038</u>	<u>882,028</u>
At end of the year / period	<u>1,549,038</u>	<u>882,028</u>

24 DIVIDEND

The amount of the net dividends paid by the Company as follow:-

	Net dividend per share RM	Total amount RM	Date of payment
2022			
Interim dividend 2021	0.50	<u>1,000,000</u>	18 January 2022
2021			
-		<u>-</u>	

25 RELATED PARTY TRANSACTION

Identify of related parties

Other than disclosed elsewhere in the financial statements, the Company has significant transactions with related parties on terms agreed between the parties concerned as follows:-

	2022 RM	2021 RM
Key management personnel compensation		
Total compensation	<u>1,080,231</u>	<u>-</u>
	01.05.2021 To 30.04.2022 RM	04.08.2020 To 30.04.2021 RM
Related party transactions		
Sales	(54,317,929)	(21,605,854)
Purchase	1,258,607	364,129
Rental of lorry	-	1,272
Purchase of property, plant and equipment	<u>-</u>	<u>135,000</u>

**APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

26 OPEARATING LEASE COMMITMENT

	01.05.2021 To 30.04.2022 RM	04.08.2020 To 30.04.2021 RM
Future minimum rental payable: -		
Less than 1 year	17,400	17,400
Between 2 and 5 year	11,600	24,500
	<u>29,000</u>	<u>41,900</u>

27 FINANCIAL INSTRUMENTS

Categories of financial instruments:-

	2022 RM	2021 RM
Financial assets measured at amortised cost		
Trade receivables	5,535,965	348,476
Other receivables	87,000	38,550
Cash and cash equivalents	<u>4,623,067</u>	<u>4,123,849</u>
	<u>10,246,032</u>	<u>4,510,875</u>

	2022 RM	2021 RM
Financial liabilities measured at amortised cost		
Trade payables	684,798	24,672
Other payables	751,900	121,229
Bank overdraft	88,760	-
Amount due to a director	27,774	70,000
Amount due to a related company	62,000	190
Hire purchase creditors	<u>340,205</u>	<u>58,669</u>
	<u>1,955,437</u>	<u>274,760</u>

28 COMPARATIVE FIGURE

The previous period's financial statement of the Company covered a period of 9 months from 4 August 2020 (Date of incorporation) to 30 April 2021.

The current financial year covered period of 12 months to 30 April 2022.

29 EVENT AFTER THE REPORTING PERIOD

Subsequent to the statement of financial position date, the Company had capital commitment amounting to RM 620,000 in respect of purchase of a double storey shop.

APPENDIX IX – AUDITED FINANCIAL STATEMENTS OF PW&R FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG WHOLESALE & RETAIL SDN. BHD.
Company No: 202001021765 (1378085-M)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

30 CAPITAL COMMITMENT

	2022	2021
	RM	RM
Authorised and contracted but not provided for in the financial statements in respect of purchase of property, plant and equipment	<u>73,850</u>	<u>-</u>

PHG EVER FRESH PLANTATION SDN. BHD.

Company No: 202001025546 (1381866-K)

(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

**CKS ASSOCIATES (AF 002324)
CHARTERED ACCOUNTANTS**

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.

Company No: 202001025546 (1381866-K)

(Incorporated in Malaysia)

GENERAL INFORMATION

Directors

Lye Wee Ken
Chong Hon Loon
Leong Jin Yuan
Lye Foong Ming
Tay Jee
Yap Wan Hin
Yau Shee Min

Company secretary

Jason Tan Kim Song
(MIA 29081)

Ho Jye Yann (Appointed on 22.04.2022)
(MIA 47949)

Ching Uee (Resigned on 25.08.2021)
(LS0010044)

Registered office

No. 8A Jalan Harmonium 35/2,
Taman Desa Tebrau,
81100 Johor Bahru, Johor.

Auditors

CKS Associates (AF 002324)

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Independent Auditors' Report	6 - 9
Statement of Financial Position	10
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
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**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

The Directors present the report together with the audited financial statements of the Company for the financial year ended 30 April 2022.

PRINCIPAL ACTIVITY

The Company is principally engaged in growing and trading of durian. There has been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	RM
Loss for the financial year	<u>(12,371)</u>

DIVIDENDS

No dividends were paid or declared since the end of previous financial period.

The directors have not recommended a final dividend in respect of the current financial year on the ordinary shares of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The names of the directors of the Company in office since the date of last report and at the date of this report are:-

Lye Wee Ken
Chong Hon Loon
Leong Jin Yuan
Lye Foong Ming
Tay Jee
Yap Wan Hin
Yau Shee Min

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of previous financial period, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a Company in which he has a substantial financial interest.

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.**Company No: 202001025546 (1381866-K)****(Incorporated in Malaysia)****DIRECTORS' REPORT****FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022****DIRECTORS' INTERESTS**

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year as recorded in the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows :-

	Number of ordinary shares			At 30 April 2022
	At 01 May 2021	Bought	Sold	
<u>Direct interest</u>				
Lye Wee Ken	240,000	-	-	240,000
Chong Hon Loon	48,000	-	-	48,000
Leong Jin Yuan	24,000	-	-	24,000
Lye Foong Ming	129,600	-	-	129,600
<u>Indirect interest</u>				
Lye Wee Ken *	960,000	-	-	960,000
Lye Foong Ming *	-	960,000	-	960,000
Leong Jin Yuan *	960,000	-	-	960,000
Yau Shee Min *	960,000	-	-	960,000

* Deemed interest by virtue of their interests in PHG Ever Fresh Group Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

None of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

None of the directors of the Company have received any remunerations from the Company during the financial year.

None of the directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

No payment has been paid to or payable to any third party in respect of services provided to the Company by the directors of the Company during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

PHG EVER FRESH PLANTATION SDN. BHD.

Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

ISSUE OF SHARES OR DEBENTURES

There were no issue of shares or debentures by the Company during the financial year.

OPTION GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting record in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:-
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.

Company No: 202001025546 (1381866-K)

(Incorporated in Malaysia)

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

OTHER STATUTORY INFORMATION (Continued)

(f) In the opinion of the Directors:-

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

The auditors' remuneration is disclosed in Note 19 to the financial statements.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors, CKS Associates, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.



LYE WEE KEN
(DIRECTOR)



YAU SHEE MIN
(DIRECTOR)

Date: **26 OCT 2022**

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.

Company No: 202001025546 (1381866-K)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act, 2016

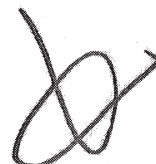
For the financial year ended 30 April 2022

In the opinion of the Directors, the financial statements set out on pages 10 to 31 are drawn up in accordance with Malaysian Private Entities 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 30 April 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.



LYE WEE KEN
(DIRECTOR)



YAU SHEE MIN
(DIRECTOR)

26 OCT 2022

STATUTORY DECLARATION

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

I, LYE WEE KEN, being the Director primarily responsible for the financial management of PHG EVER FRESH PLANTATION SDN. BHD., do solemnly and sincerely declare that the accompanying financial statement set out on pages 10 to 31 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed LYE WEE KEN)
at Johor Bahru in the state of Johor)
on **26 OCT 2022**)

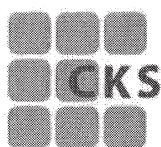


LYE WEE KEN

Before me,

Commissioner for oaths





顺 兴 会 计 公 司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
Tel : 07-351 3666 Fax : 07-351 4666



A MEMBER FIRM OF THE
MALAYSIAN INSTITUTE OF ACCOUNTANTS
(Established under the
Accountants Act 1967)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG EVER FRESH PLANTATION SDN. BHD.**
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PHG Ever Fresh Plantation Sdn. Bhd., which comprise the statement of financial position as at 30 April 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and of their financial performance and their cash flows for the period then ended in accordance with Malaysia Private Entities Reporting Standard ("MPERS") 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.

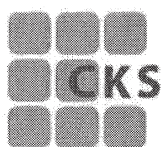
Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia 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.

Information other than the financial statements and auditors' reports thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 4, but does not include the financial statements of the Company and our auditors' report thereon.

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



顺兴会计公司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG EVER FRESH PLANTATION SDN. BHD.**
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Information other than the financial statements and auditors' reports thereon (Continued)

In connection with our audit of the financial statements 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

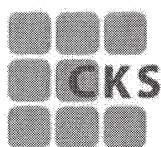
Responsibilities of directors for the financial statements

The directors of the Company is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysia Private Entities Reporting Standards ("MPERS") 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



顺兴会计公司
CKS ASSOCIATES (AF2324)
Chartered Accountants
8B, Jalan Harmonium 35/2, Taman Desa Tebrau,
81100 Johor Bahru, Johor.
Tel : 07-351 3666 Fax : 07-351 4666



A MEMBER FIRM OF THE
MALAYSIAN INSTITUTE OF ACCOUNTANTS
(Established under the
Accountants Act 1967)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG EVER FRESH PLANTATION SDN. BHD.**
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

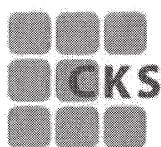
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements 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 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 director's 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 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 Company, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
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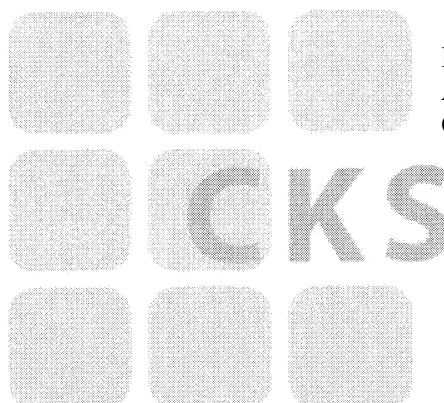
OTHER MATTERS

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.

CKS ASSOCIATES
Firm No : AF 002324
Chartered Accountants

Johor Bahru, Malaysia

Date: 26 OCT 2022



LEE CHIA SIN
Approval No.03419/02/2023 J
Chartered Accountant

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	NOTE	2022 RM	2021 RM
ASSETS			
Non-current asset			
Property, plant and equipment	6	11,180,297	11,198,652
Current assets			
Trade receivable	7	267,364	-
Other receivable	8	365,043	-
Cash and bank balances		1,087,424	1,908,475
		<u>1,719,831</u>	<u>1,908,475</u>
TOTAL ASSETS		<u>12,900,128</u>	<u>13,107,127</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	2,400,000	2,400,000
Accumulated losses		(468,987)	(456,616)
		<u>1,931,013</u>	<u>1,943,384</u>
Non-current liabilities			
Term loans, secured	10	7,624,507	7,976,591
Deferred taxation	11	972	-
		<u>7,625,479</u>	<u>7,976,591</u>
Current liabilities			
Trade payables	12	22,773	14,199
Other payables	13	27,594	15,672
Amount due to an associates company	14	1,040,000	1,040,000
Amount due to directors	15	478,400	478,400
Amount due to shareholders	16	1,081,600	1,081,600
Term loan, secured	10	693,269	557,281
		<u>3,343,636</u>	<u>3,187,152</u>
TOTAL EQUITY AND LIABILITIES		<u>12,900,128</u>	<u>13,107,127</u>

The notes form an integral part of these financial statements

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

		01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
	NOTE		
Revenue	17	958,324	216,552
COST AND EXPENSES			
Purchases and other incidental costs		413,233	182,715
Depreciation of property, plant and equipment		18,355	18,355
Finance cost	18	361,668	9,755
Other operating expenses		176,467	462,343
TOTAL EXPENSES		<u>969,723</u>	<u>673,168</u>
Loss before taxation	19	(11,399)	(456,616)
Taxation	20	(972)	-
Loss for the financial year / period		<u>(12,371)</u>	<u>(456,616)</u>
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the financial year / period		<u>(12,371)</u>	<u>(456,616)</u>

The notes form an integral part of these financial statements

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Share capital RM	Accumulated losses RM	Total RM
At 28 August 2020 (Date of incorporation)	100	-	100
Issued of share capital	2,399,900	-	2,399,900
Total comprehensive loss for the financial period	-	(456,616)	(456,616)
At 30 April 2021	<u>2,400,000</u>	<u>(456,616)</u>	<u>1,943,384</u>
Total comprehensive loss for the financial year	-	(12,371)	(12,371)
At 30 April 2022	<u>2,400,000</u>	<u>(468,987)</u>	<u>1,931,013</u>

The notes form an integral part of these financial statements

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(11,399)	(456,616)
Adjustments for:-		
Depreciation of property, plant and equipment	18,355	18,355
Finance cost	361,668	9,755
Operating profit / (loss) before working capital changes	368,624	(428,506)
Increase in trade and other receivable	(632,407)	-
Increase in trade and other payables	20,496	29,871
Cash used in operations	(243,287)	(398,635)
Less: Interest paid	(361,668)	(9,755)
Net cash used in operating activities	(604,955)	(408,390)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	-	(11,217,007)
Net cash used in investing activity	-	(11,217,007)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	-	2,400,000
Proceeds from term loans	444,550	8,600,000
Repayment of term loans	(660,646)	(66,128)
Advance from an associates company	-	1,040,000
Advance from directors	-	478,400
Advance from shareholders	-	1,081,600
Net cash (used in) / generated from financing activities	(216,096)	13,533,872
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(821,051)	1,908,475
CASH AND BANK BALANCES OF THE YEAR / DATE OF INCORPORATION	1,908,475	-
CASH AND BANK BALANCES OF THE YEAR / PERIOD	1,087,424	1,908,475

The notes form an integral part of these financial statements

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1 GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in growing and trading of durian. There has been no significant change in the nature of this activity during the financial year.

The registered office of the Company is located at 8A, Jalan Harmonium 35/2, Taman Desa Terbau, 81100 Johor Bahru, Johor.

The principal place of business of the Company is located at No 10380, GM 4324, Jalan Sungai Chalit, Sungai Klau, 27630 Raub, Pahang.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors on

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act 2016.

3 BASIS OF PREPARATION

The financial statement of the Company have been prepared using cost and fair value bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgements and assumption are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The area involving significant judgements and estimation uncertainties are disclosed in Note 5.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the assets. The assets, including major spares, servicing equipment and stand-by equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated but are subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the estimated remaining useful life on straight line basis. The principal annual rates used are as follows:-

Assets	Rates per annum %
Motor vehicle	20

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of the Company's asset exceeds its recoverable amount.

At the end of each reporting period date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecast of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or then the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or canceled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

(c) Subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss, and (ii) financial assets at amortised cost.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (Continued)

(c) Subsequent measurement of financial assets (Continued)

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale other disposal. All other equity investments which cannot be measured reliably without undue cost or effort are measured at cost less accumulated impairment.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4.3(g).

(d) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(e) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumption.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Financial Instruments (Continued)

(g) Impairment and uncollectibility of financial assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individual significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Share Capital and Distributions

(a) Share capital

Ordinary shares and non-redeemable preference share issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at their fair value at the date of exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(b) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measure at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfill the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applies in the measurement, taking into account past court judgement made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.6 Borrowing Costs

Borrowing costs of the Company include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Revenue Recognition and Measurement

The Company measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associates with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.8 Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the Company expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) 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 (or tax loss). The exceptions for initial recognition difference include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affect neither accounting profit nor tax taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Tax Assets and Tax Liabilities (Continued)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, the Company does not have a business model to hold the property solely for rental income, and hence, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

4.9 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non - financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active market for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Fair Value Measurement (Continued)

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 Judgements and Assumption Applied

In the selection of accounting policies for the Company, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

5.2 Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:

(a) Measurement of Provision

The Company uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Company’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Continued)

5.2 Estimation Uncertainty (Continued)

(b) Loss Allowances of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

(c) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual value. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(d) Measurement of Income Tax

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

6 PROPERTY, PLANT AND EQUIPMENT

	At 01.05.2021 RM	Additional RM	Disposal / written off RM	At 30.04.2022 RM
Cost				
Motor vehicle	91,775	-	-	91,775
Freehold lands	11,125,232	-	-	11,125,232
Total	11,217,007	-	-	11,217,007

	At 01.05.2021 RM	Charge for the year RM	Disposal / written off RM	At 30.04.2022 RM
Accumulated Depreciation				
Motor vehicle	18,355	18,355	-	36,710
Freehold lands	-	-	-	-
Total	18,355	18,355	-	36,710

	2022 RM	2021 RM
Net Book Value		
Motor vehicle	55,065	73,420
Freehold lands	11,125,232	11,125,232
Total	11,180,297	11,198,652

6.1 During the financial year, property, plant and equipment are acquired as follows:-

	2022 RM	2021 RM
By cash	-	2,617,007
By term loan	-	8,600,000
	-	11,217,007

6.2 The freehold lands are carried at cost and stamp duty at the statement of financial position date. The carrying amount of the lands was reviewed by Directors who were of the opinion that its recoverable amount at the statement of financial position date was estimated not less than the value of RM 11,125,232.

6.3 The carrying amount of freehold lands amounting to RM 11,125,232 (2021: RM 11,125,232) are pledged to the licensed bank for term loan facility granted to the Company as disclosed in Note 10 to the financial statement.

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

7 TRADE RECEIVABLE

The carrying amounts of trade receivable approximate its fair value and is denominated in Malaysia Ringgit.

The average credit term granted to customer range from 30 to 120 days term.

Included in trade receivables is amount of RM 267,364 (2021: Nil) due from related parties.

8 OTHER RECEIVABLE

	2022 RM	2021 RM
Prepayment of operating expenses	365,043	-

9 SHARE CAPITAL

	2022 RM	2021 RM
Issued and fully-paid:-		
Ordinary shares		
At 01 May 2021 / 28 August 2020 (Date of incorporation)	2,400,000	100
Issuance during the financial year / period	-	2,399,900
At 30 April	2,400,000	2,400,000

	2022 Unit	2021 Unit
Number of shares:-		
Ordinary share		
At 01 May 2021 / 28 August 2020 (Date of incorporation)	2,400,000	100
Issuance during the financial year / period	-	2,399,900
At 30 April	2,400,000	2,400,000

10 TERM LOANS, SECURED

	2022 RM	2021 RM
Less than one year	693,269	557,281
Between two and five years	2,813,060	2,469,592
More than five years	4,811,447	5,506,999
	7,624,507	7,976,591
	8,317,776	8,533,872

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

10 TERM LOANS, SECURED (Continued)

The term loans are secured by first party legal charge over the Company's freehold lands under property, plant and equipment. The term loans are jointly and several guaranteed by all directors of the Company. The term loans are assignment of life insurance policy by a director. The term loans are corporate guarantee by related companies in which certain directors of the Company have financial interest. The term loans bears interest at 4.14% - 6.14% (2021: 4.14%) per annum. The term loans of the Company mature between 2031 and 2033.

11 DEFERRED TAX LIABILITIES

	2022 RM	2021 RM
At beginning of the year	-	-
Charged to the statement of comprehensive income (Note 20)	972	-
At end of the year	<u>972</u>	<u>-</u>

12 TRADE PAYABLES

The carrying amount of trade payables approximate their fair value and are denominated in Malaysia Ringgit.

Trade payables are non-interest bearing and are normally settled on 30 to 60 days term.

13 OTHER PAYABLES

	2022 RM	2021 RM
Accrued operating expenses	26,594	14,672
Amount due to a related party*	1,000	1,000
	<u>27,594</u>	<u>15,672</u>

*The amount due to a related party is unsecured, interest-free and has no fixed term of repayment in which certain Directors have financial interest.

14 AMOUNT DUE TO AN ASSOCIATES COMPANY

The amount due to an associates company is unsecured, interest free and has no fixed term of repayment in which certain Directors has financial interest.

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

15 AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free and have no fixed term of repayment.

16 AMOUNT DUE TO SHAREHOLDERS

The amount due to shareholders are unsecured, interest free and have no fixed term of repayment.

17 REVENUE

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Revenue from:-		
- Sales of fresh durian	<u>958,324</u>	<u>216,552</u>

18 FINANCE COST

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Term loans interest	<u>361,668</u>	<u>9,755</u>

19 LOSS BEFORE TAXATION

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Loss before tax is stated after charging the following items:-		
Audit fee	9,800	7,000
Incorporation fee	<u>-</u>	<u>3,200</u>

**APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)**

PHG EVER FRESH PLANTATION SDN. BHD.
Company No: 202001025546 (1381866-K)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022**

20 TAXATION

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Based on loss for the year:-		
- Current year taxation	-	-
- Deferred taxation (Note 11)	972	-
	<u>972</u>	<u>-</u>

Reconciliation of income tax expense applicable to loss before taxation at the statutory rate to income tax at the effective income tax rate of the Company is as follows :-

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Loss before taxation	(11,399)	(456,616)
Tax at Malaysia Statutory Rate of 17% (2021: 17%)	(1,937)	(77,625)
Tax effect on non-deductible expenses	5,292	75,242
Deferred taxation not recognised for current year	-	2,383
Deferred taxation not recognised for prior year	(2,383)	-
	<u>972</u>	<u>-</u>

As at 30 April 2022, the Company has approximately unabsorbed capital allowances of RM 12,636 (2021: RM 32,369) to offset against future taxable profits subjects to future shareholdings test.

21 RELATED PARTY TRANSACTION

Other than disclosed elsewhere in the financial statements, the Company has significant transactions with related parties on terms agreed between the parties concerned as follows:-

	01.05.2021 To 30.04.2022 RM	28.08.2020 To 30.04.2021 RM
Related party transaction		
Sales	(958,324)	(216,552)

APPENDIX X – AUDITED FINANCIAL STATEMENTS OF PEFP FOR THE FYE 30 APRIL 2022
(Cont'd)

PHG EVER FRESH PLANTATION SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

22 FINANCIAL INSTRUMENTS

Categories of financial instruments :-

	2022	2021
	RM	RM
Financial assets measured at amortised cost		
Trade receivable	267,364	-
Cash and bank balances	1,087,424	1,908,475
	<u>1,354,788</u>	<u>1,908,475</u>
	2022	2021
	RM	RM
Financial liabilities measured at amortised cost		
Trade payables	22,773	14,199
Other payables	27,594	15,672
Amount due to an associates company	1,040,000	1,040,000
Amount due to directors	478,400	478,400
Amount due to shareholders	1,081,600	1,081,600
Term loans, secured	8,317,776	8,533,872
	<u>10,968,143</u>	<u>11,163,743</u>

23 COMPARATIVE FIGURES

The previous period's financial statement of the Company covered the financial period from 28 August 2020 (Date of incorporation) to 30 April 2021.

The current financial year covered period of 12 months to 30 April 2022

APPENDIX XI – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND DECLARATION**2.1 M&A Securities**

M&A Securities being the Principal Adviser for the Proposed Diversification, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Principal Adviser of the Company for the Proposed Diversification.

2.2 Eco Asia

Eco Asia, being the Independent Valuer for the Proposed Acquisitions, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation report as set out in Appendix I of this Circular and all references thereto in the form and context in which they appear in this Circular.

Eco Asia do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Independent Valuer of the Company for the Proposed Acquisitions.

2.3 Protégé Associates

Protégé Associates being the independent market researcher for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

Protégé Associates do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the independent market researcher of the Company for the Proposed Acquisitions.

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APPENDIX XI – FURTHER INFORMATION (Cont'd)

3. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Hextar Shares as traded on Bursa Securities for the past 12 months are as follows:-

	High	Low
	RM	RM
<u>2022</u>		
October	0.813	0.563
November	0.840	0.723
December	0.830	0.740
<u>2023</u>		
January	0.837	0.743
February	0.770	0.687
March	0.747	0.647
April	0.760	0.620
May	0.780	0.625
June	0.920	0.720
July	0.810	0.710
August	0.805	0.725
September	0.790	0.730

(Source: shareinvestor.com)

The last transacted price of Hextar Shares on 30 June 2023, being the last day on which Hextar Shares were traded, prior to the date of the announcement of the Proposed Acquisitions was RM0.770 per Hextar Share.

The last transacted price of Hextar Shares as at the LPD was RM0.765 per Hextar Share.

4. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Hextar Group during the past 2 years immediately preceding the date of this Circular:

- a) On 3 November 2021, Hextar entered into a SSA with Lee Siong Kok, Lim Chong Joo, Lim Chong Teck and Low Chee Sin for the acquisition of 200,000 ordinary shares, representing 100% equity interest in Tufbond Technologies Sdn Bhd for a total Purchase Price of RM13,000,000 satisfied wholly in cash, which was completed on 2 December 2021.
- b) On 28 March 2022, Hextar entered into a SSA with Hextar International Group Sdn Bhd ("**HIGSB**") for the acquisition of 109,900 ordinary shares, representing 99.91% equity interest in PT Agro Sentosa Raya ("**PTASR**") for a total Purchase Price of RM10.2 million satisfied wholly in cash.

The acquisition of PTASR was completed on 20 May 2022 upon the fulfilment of all obligations pursuant to the SSA with HIGSB.

APPENDIX XI – FURTHER INFORMATION (Cont'd)

- c) Hextar had, on 23 May 2022, entered into a SSA with HKSB for the acquisition of 100 ordinary shares, representing 100% of the equity interest in Hextar Kimia (Australia), for a total purchase price of RM14.3 million satisfied wholly in cash.

The said acquisition was completed on 22 July 2022 upon the fulfilment of all obligations pursuant to the SSA with HKSB.

- d) On 10 June 2022, Hextar Chemicals Sdn Bhd ("**Hextar Chemicals**"), an indirect wholly-owned subsidiary of Hextar, awarded a contract to Pekat Solar Sdn Bhd to design, supply, install, testing and commissioning of 185.3kWp Grid Connected Photovoltaic system at the site location of Lot 5, Jln Perigi Nenas 7/3, Tmn Perindustrian Pulau Indah, Kg Perigi Nenas Pulau Indah, 42900 Pelabuhan Klang, Selangor for a contract sum of RM728,312.00.
- e) Hextar Chemicals, an indirect wholly-owned subsidiary of Hextar, had on 12 July 2022, entered into a conditional Sale and Purchase Agreement ("**SPA**") with Pacific Trustees Berhad ("**Pacific Trustee**"), the trustee of KIP Real Estate Investment Trust for the proposed disposal of 2 adjoining parcels of leasehold industrial lands located in Mukim Klang, District of Klang, together with the buildings erected thereon ("**Klang Properties**") for a cash consideration of RM27.0 million ("**Proposed Disposal**").

In conjunction with the Proposed Disposal, Hextar Chemicals has signed in escrow a Lease Agreement with Pacific Trustees to lease the Klang Properties for 15 years. The aforesaid lease will commence upon the completion of the Proposed Disposal.

The Proposed Disposal was completed on 14 December 2022 following the full settlement of the Disposal Consideration by Pacific Trustees in accordance with the terms and conditions of the SPA.

- f) On 15 May 2023, Hextar entered into a 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 for a total consideration of RM10.0 million satisfied fully in cash.

The said acquisition was completed on 22 June 2023 upon the fulfilment of all obligations pursuant to SSA with HHSB.

- g) On 15 May 2023, Hextar and its wholly owned subsidiary namely Halex (M) Sdn Bhd ("**HxM**") entered into SSAs with Vinayaka Capital Sdn Bhd for the disposal of:-
- (i) 50,000 ordinary shares by HxM, representing 100% equity interest in Halex Marketing Sdn Bhd ("**HMkt**") ; and
 - (ii) 1,953,081 ordinary shares by Hextar, representing 100% equity interest in Halex Woolton (M) Sdn Bhd ("**HxW**") ;

for a total consideration of RM3,500,001.00 satisfied fully by cash. The disposal of HMkt and HxW has been completed on 6 June 2023 upon the fulfilment of all obligations pursuant to the SSAs.

5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of our Group and our Board is not aware of any proceedings, pending or threatened against our Group, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

6. MATERIAL COMMITMENT

As at the LPD, save for the Proposed Diversification, the Board is not aware of any material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the Group.

7. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred by the Group which, upon becoming due or enforceable may have a material impact on the results or financial position of the Group.

8. 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 Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

- (i) Constitution of Hextar;
- (ii) Material Contracts referred to in Section 4 above;
- (iii) Audited financial statements of PEFFM for the FYE 2022;
- (iv) Audited financial statements of PEFFTK for the FYE 2022;
- (v) Audited financial statements of PW&R for the FYE 2022;
- (vi) Audited financial statements of PEFP for the FYE 2022;
- (vii) Unaudited financial statements of PEFFM for FYE 2023;
- (viii) Unaudited financial statements of PEFFTK for FYE 2023;
- (ix) Unaudited financial statements of PW&R for FYE 2023;
- (x) Unaudited financial statements of PEFP for FYE 2023
- (xi) Unaudited quarterly report on consolidated results of Hextar for the FPE 30 June 2023
- (xii) Audited consolidated financial statements of Hextar for the FYE 2021 and 2022;
- (xiii) Consent letters and declarations referred to in Section 2 above;
- (xiv) Valuation report on the Proposed Acquisitions by Eco Asia; and
- (xv) Independent market research report prepared by Protégé Associates



HEXTAR GLOBAL BERHAD

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Hextar Global Berhad ("**Hextar**" or the "**Company**") will be conducted virtually through live streaming and online voting using Remote Participation and Voting ("**RPV**") facilities 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:DIA282781) on Thursday, 26 October 2023 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY HEXTAR FRUITS SDN BHD, A FIFTY-ONE PERCENT (51%) OWNED SUBSIDIARY OF HEXTAR, OF THE ENTIRE EQUITY INTEREST IN PHG.EVER FRESH FOOD (M) SDN BHD, PHG.EVER FRESH FOOD (TK) SDN BHD, PHG WHOLESALE & RETAIL SDN BHD, AND 55% EQUITY INTEREST IN PHG EVER FRESH PLANTATION SDN BHD FOR A TOTAL AGGREGATE PURCHASE PRICE OF RM84.0 MILLION ("PURCHASE PRICE") TO BE SATISFIED WHOLLY IN CASH ("PROPOSED ACQUISITIONS")

"THAT subject to the passing of Ordinary Resolution 2 and the fulfilment of conditions for completion and the approvals of relevant authorities being obtained, where required, approval be and is hereby given for the Company to acquire the following from PHG Ever Fresh Group Sdn Bhd ("**PEFG**"):

- (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 ("**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;

at the Purchase Price to be satisfied wholly in cash, and subject to the conditions and upon the terms as stipulated in the conditional share sale agreement dated 3 July 2023 entered into between the Company and PEFG in respect of the Proposed Acquisitions.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents and empowered to do all acts, deeds, and things as the Board may deemed fit, necessary, expedient in order to implement, finalise and give full effect to complete the Proposed Acquisitions, with full powers to assent to any conditions, variations, modifications, and/or amendments in any manner may be imposed, required or permitted by the relevant authorities in connection to the Proposed Acquisitions in the best interests of the Company."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF HEXTAR'S EXISTING CORE BUSINESSES TO INCLUDE THE BUSINESS OF TRADING AND DISTRIBUTION OF DURIAN ("DURIAN BUSINESS") ("PROPOSED DIVERSIFICATION")

"**THAT**, subject to the approvals of all relevant authorities/parties being obtained, approval be and is hereby given to the Company to diversify the core business of Hextar to include the Durian Business.

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Diversification with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Diversification."

BY ORDER OF THE BOARD

LIM HOOI MOOI (MAICSA No. 0799764) (SSM PC No. 201908000134)

ONG WAI LENG (MAICSA No. 7065544) (SSM PC No. 202208000633)

PHAN NEE CHIN (MIA No. 28178) (SSM PC No. 202008004339)

Company Secretaries

Kuala Lumpur
11 October 2023

Notes:

- (i) The EGM will be held 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://tiih.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 EGM via the RPV facilities provided by Tricor via its TIIH Online website at <https://tiih.online>. Please refer to the "Procedures for RPV facilities" in the Administrative Details for the EGM 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 **18 October 2023** 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 authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- (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 EGM 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 EGM.
- (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 EGM 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 **Tuesday, 24 October 2023 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 EGM** 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)

FORM OF PROXY

No. of shares held

CDS Account No.													
			-			-							

I / We _____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No. _____)

of _____
(FULL ADDRESS)

being a member/members of **HEXTAR GLOBAL BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

or failing him/her, the Chairman of the Meeting*, as my/our proxy to attend and vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company that will be conducted virtually through live streaming and online voting using Remote Participation and Voting ("**RPV**") facilities 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 on **Thursday, 26 October 2023 at 10.00 a.m.**

** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

Resolution		FOR	AGAINST
Ordinary Resolution 1	Proposed Acquisitions		
Ordinary Resolution 2	Proposed Diversification		

(Please indicate with a cross "X" in the space provided whether you wish your vote to be cast for or against the Resolution. If in the absence of specific directions, your proxy will vote or abstain from voting as he/she thinks fit).

Signed this _____ day of _____, 2023.

Signature of shareholder or Common Seal



Notes:

- (i) The EGM will be held 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://tiih.online>.
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 - 2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
HEXTAR GLOBAL BERHAD

[Registration No.: 199001014551 (206220-U)]
c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here
