THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and the valuation report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITION OF:

(A) 500,000 ORDINARY SHARES IN NOBEL SYNTHETIC POLYMER SDN BHD ("NSPSB"), REPRESENTING 100% EQUITY INTEREST IN NSPSB FROM MARCUS MAR HUNG THAN AND CHIENG DIING YAW; AND

(B) 250,000 ORDINARY SHARES IN NOBEL SCIENTIFIC SDN BHD ("NSSB"), REPRESENTING 100% EQUITY INTEREST IN NSSB FROM MARCUS MAR HUNG THAN AND CHIENG DIING YAW;

FOR A TOTAL PURCHASE PRICE OF RM105,000,000 TO BE FULLY SATISFIED BY CASH

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

M&A SECURITIES SDN BHD
Registration no. 197301001503 (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") and the Form of Proxy are enclosed in this Circular. Details of the Company's EGM which to be conducted on a **fully virtual basis** by way of live streaming and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via TIIH Online websites at https://tiih.online or https://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia are set out below:

Date and time of the EGM	:	Thursday, 23 September 2021 at 3.00 p.m.
Last date and time for lodging the Form of Proxy	:	Tuesday, 21 September 2021 at 3.00 p.m.

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.

This Circular is dated 8 September 2021

DEFINITIONS

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

AASB	:	Alpha Aim (M) Sdn Bhd [Reg. No: 199401021941 (307620-A)]
Acquiree Companies	:	NSPSB and NSSB
Act	:	Companies Act 2016 and includes any amendments thereto from time to time
Aggregate GP	:	Aggregate GP of RM42.00 million over the Guaranteed Profit Period derived from the Minimum GP
Balance Purchase Price	:	A sum of RM52,500,000.00, being part of the Purchase Price
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 8 September 2021
Completion Date	:	On or before 6 months from the date of SSA or such other date to be mutually agreed between the parties
Conditions Precedent	:	Conditions precedent for the Proposed Acquisitions as set out under Appendix II, Section (b) of this Circular
COVID-19	:	Coronavirus Disease 2019
CTSB	:	Chempro Technology (M) Sdn Bhd [Reg. No: 198601007949 (157140-P)]
Deposit	:	RM10,500,000.00, being the deposit for the Purchase Price
EBITDA	:	Earnings before interest, tax, depreciation, and amortisation
Eco Asia	:	Eco Asia Capital Advisory Sdn Bhd [Reg. No: 201801022562 (1284581-H)] being the Independent Valuer for the Proposed Acquisitions
EGM	:	Extraordinary general meeting
EV	:	Enterprise value
EV/EBITDA	:	EV divided by EBITDA
F&B	:	Food and beverage
GP	:	Guaranteed profit
Guaranteed Profit Period	:	3 years commencing 1 January 2021 and ending 31 December 2023
EPS	:	Earnings per Share
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending 31 December, as the case may be

Hextar or Company or Purchaser	:	Hextar Global Berhad [Reg. No: 199001014551 (206220-U)]
Hextar Group or Group	:	Hextar and its subsidiaries
Hextar Share(s) or Share(s)	:	Ordinary share(s) in Hextar
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 September 2021, being the latest practicable date prior to the printing and despatch of this Circular
M&A Securities or Principal Adviser	:	M&A Securities Sdn Bhd [Reg. No: 197301001503 (15017-H)]
MCO	:	The Malaysia movement control order, commonly referred to as the MCO, a restriction imposed on the movement of people implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country, and includes all its subsequent phases, being the conditional MCO ("**CMCO**"), recovery MCO ("**RMCO**"), enhanced MCO ("**EMCO**") and/or variations of these thereof
MFRS	:	Malaysian Financial Reporting Standards
Minimum GP	:	GP for each financial year which shall not be less than RM14.00 million being the PAT per annum for each consecutive year of the Guaranteed Period
MPERS	:	Malaysian Private Entities Reporting Standard
NA	:	Net assets
NSPSB	:	Nobel Synthetic Polymer Sdn Bhd [Reg. No: 200501001342 (678387-A)]
NSPSB Sale Share(s)	:	500,000 NSPSB Shares, representing 100% equity interest in NSPSB
NSPSB Share(s)	:	Ordinary shares in NSPSB
NSPSB Vendors	:	Marcus Mar Hung Than and Chieng Diing Yaw
NSSB	:	Nobel Scientific Sdn Bhd [Reg. No: 201001041231 (925159-V)]
NSSB Sale Share(s)	:	250,000 NSSB Shares, representing 100% equity interest in NSSB
NSSB Share(s)	:	Ordinary shares in NSSB
NSSB Vendors	:	Marcus Mar Hung Than and Chieng Diing Yaw
PAT	:	Profit after tax
PBT	:	Profit before tax
PE	:	Price to earnings

Profit Guarantee	:	Profit guarantee provided by the Vendors, whereby the Vendors irrevocably agrees, undertakes and covenants that the Acquiree Companies shall during the Guaranteed Profit Period achieve the Minimum GP and amounting to the Aggregate GP
Proposed Acquisitions	:	Collectively, the Proposed NSPSB Acquisition and the Proposed NSSB Acquisition
Proposed NSPSB Acquisition	:	Proposed acquisition of NSPSB Sale Shares from the NSPSB Vendors
Proposed NSSB Acquisition	:	Proposed acquisition of NSSB Sale Shares from the NSSB Vendors
Protégé Associates	:	Protégé Associates Sdn Bhd [Reg. No: 200401037256 (675767-H)]
Purchase Price	:	Total purchase price of the Proposed Acquisitions of RM105,000,000 to be fully satisfied by cash
Retention Sum	:	A sum not exceeding RM42,000,000.00 to be retained from the Purchase Price as a security for the Profit Guarantee
RM and sen	:	Ringgit Malaysia and sen, respectively
Sale Shares	:	NSPSB Sale Shares and NSSB Sale Shares
SSA	:	Conditional shares sale agreement entered into by the Company and the Vendors for the Proposed Acquisitions dated 12 July 2021
USD	:	United States Dollar
Vendor(s)	:	Collectively, the NSPSB Vendors and NSSB Vendors
5D-VWAMP	:	5-day volume weighted average market price

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 our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of the Company.

TABLE OF CONTENTS

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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 ORDINARY RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS AT THE FORTHCOMING EGM OF THE COMPANY TO BE CONVENED.

Key information		Summary	Reference to Circular
Details of the Proposed Acquisitions	:	The Proposed Acquisitions entails the acquisition by Hextar of the Sale Shares representing 100% equity interest in NSPSB and NSSB free from all encumbrances from the Vendors for the Purchase Price. Upon completion of the Proposed Acquisitions, the Acquiree Companies will be wholly-owned subsidiaries of Hextar. As part of the terms of the SSA, the Vendors will provide the Profit Guarantee. The Retention Sum will be retained from the Purchase Price as a security for the Profit Guarantee.	Section 2
Rationale for the Proposed Acquisitions	:	On 14 June 2021, the shareholders of Hextar approved the Group's diversification into the business of specialty cleaning chemicals which forms part of the specialty chemical industry. In line with the Group's objective and strategy to deliver sustainable growth and value creation to the shareholders of Hextar, the Proposed Acquisitions will enable the Group to increase its market share and further strengthen its foothold in the specialty chemicals industry. In addition, the Proposed Acquisitions comes with the Profit Guarantee of an aggregate of RM42.00 million over 3 years which translates to a PAT of RM14.00 million for each consecutive year from FYE 31 December 2021 to FYE 31 December 2023. This will provide the Group with an additional revenue stream and further strengthen the Group's financial performance and financial position thus creating greater value for the shareholders of Hextar.	Section 3
Approvals required	:	The Proposed Acquisitions are subject to the following approvals being obtained: - (a) approval of the shareholders of Hextar at the forthcoming EGM of the Company to be convened; and (b) any other relevant authorities and/or parties, if required. The Proposed Acquisitions are not conditional upon any other corporate proposals undertaken by Hextar.	Section 7
Parties involved and the element of conflict of interests	:	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 Proposed Acquisitions. Save for the Proposed Acquisitions, Hextar and the Vendors have not entered into any transactions between themselves in the 12 months preceding the LPD.	Section 9

Key information		Summary	Reference to Circular
Directors' statements and recommendation	:	After considering all aspects of the Proposed Acquisitions, including the rationale and benefit, justification of arriving at the Purchase Price and prospects for the Proposed Acquisitions, the Board is of the opinion that the Proposed Acquisitions are in the best interest of the Hextar Group and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Acquisitions to be tabled at the forthcoming EGM of the Company to be convened.	Section 10

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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

8 September 2021

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*)
Y. Bhg. Dato' Eddie Ong Choo Meng *(Executive Director)*
Lee Chooi Keng *(Executive Director)*
Yeoh Chin Hoe *(Senior Independent Non-Executive Director)*
Liew Jee Min @ Chong Jee Min *(Independent Non-Executive Director)*

To: The Shareholders of Hextar

Dear Sir/Madam,

PROPOSED ACQUISITIONS

1. INTRODUCTION

On 12 July 2021, M&A Securities had on behalf of the Board announced that Hextar had on 12 July 2021, entered into the SSA for the Proposed NSPSB Acquisition and Proposed NSSB Acquisition for the Purchase Price to be fully satisfied in cash.

Further details of the Proposed Acquisitions are set out in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITIONS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU 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 PROPOSED ACQUISITIONS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Background information on the Proposed Acquisitions

The Proposed Acquisitions entails the acquisition by Hextar of the Sale Shares representing 100% equity interest in NSPSB and NSSB free from all encumbrances from the Vendors for the Purchase Price. Upon completion of the Proposed Acquisitions, the Acquiree Companies will be wholly-owned subsidiaries of Hextar.

As part of the terms of the SSA, the Vendors will provide the Profit Guarantee. The Retention Sum will be retained from the Purchase Price as a security for the Profit Guarantee.

The Purchase Price shall be payable in the following manner: -

(a) upon the execution of the SSA, the Deposit shall be paid by the Purchaser to the Vendor's solicitors as stakeholder of the Vendors who are authorised to release the Deposit upon completion of Proposed Acquisitions to the Vendors in the proportions as set out in the following table;

Vendors	Deposit (RM)	Balance Purchase Price (RM)	Retention Sum (RM)	Total (RM)
Marcus Mar Hung Than	5,775,000	28,875,000	23,100,000	57,750,000
Chieng Diing Yaw	4,725,000	23,625,000	18,900,000	47,250,000
Total:	**10,500,000**	**52,500,000**	**42,000,000**	**105,000,000**

(b) the Balance Purchase Price shall be paid by the Purchaser to the Vendor's solicitors as stakeholder of the Vendors on or before the Completion Date who are authorised to release the Balance Purchase Price to the Vendors in the proportion as set out in the table above; and

(c) the Retention Sum shall be paid by the Purchaser to the Vendors in the manner set out under the provision of the Profit Guarantee as stipulated under Appendix II and in the proportion as set out in the table above.

The Proposed Acquisitions are subject to the terms and conditions of the SSA. Please refer to **Appendix II, III and IV** for the salient terms of the SSA, information on NSPSB and information on NSSB, respectively.

2.2 Information on the Acquiree Companies and Vendors

Information on NSPSB

NSPSB was incorporated in Malaysia on 12 January 2005 under the Companies Act 1965. NSPSB is principally involved in the manufacturing of chemical derivatives, coating and related products.

As at LPD, the issued share capital of NSPSB is RM500,000 comprising 500,000 NSPSB Shares. NSPSB has no subsidiaries or associated companies.

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

	<---------Direct---------->		<--------Indirect------->	
Name	**No. of NSPSB Shares**	**%**	**No. of NSPSB Shares**	**%**
Marcus Mar Hung Than	275,000	55.00	-	-
Chieng Diing Yaw	225,000	45.00	-	-
Total	**500,000**	**100.00**		

Information on NSSB

NSSB was incorporated in Malaysia on 14 December 2010 under the Companies Act 1965. NSSB is principally involved in the manufacturing of chemical derivatives, coating and related products.

As at LPD, the issued share capital of NSSB is RM250,000 comprising 250,000 NSSB Shares. NSSB has no subsidiaries or associated companies.

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

	<-----------Direct---------->		<--------Indirect------->	
Vendors	**No. of NSSB Shares**	**%**	**No. of NSSB Shares**	**%**
Marcus Mar Hung Than	137,500	55.00	-	-
Chieng Diing Yaw	112,500	45.00	-	-
Total	**250,000**	**100.00**		

2.3 Basis and justification on arriving at the Purchase Price

The Purchase Price was arrived at on a willing-buyer willing-seller basis, after taking into account the following:-

(a) the Profit Guarantee;

(b) the historical financial performance of the Acquiree Companies for the past 3 financial years and up to FPE 31 March 2021 as set out in the Appendices III and IV of this Circular. Over the past 3 financial years up to FYE 2020, the Acquiree Companies have recorded an upward trend in aggregate PAT, which translates into compound annual growth rate of 3.53%, and a steady aggregate PAT margin at 24.52% (FYE 2018), 24.71% (FYE 2019) and 29.07% (FYE 2020);

(c) the rationale and benefits to be accrued to the Group through the Proposed Acquisitions including amongst others, strengthening the foothold of the Group in the specialty chemicals industry, as detailed in Section 3 of this Circular; and

(d) 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.

The Purchase Price represents a PE multiple of approximately 7.5 times, based on the Purchase Price of RM105.00 million divided by the Minimum GP of RM14.00 million.

The Board has appointed Eco Asia, an independent valuation firm to undertake a valuation on the Acquiree Companies and had taken into consideration the valuation report of Eco Asia as set out in Appendix I in its entirety.

For the purpose of this valuation, Eco Asia made reference to the PE multiple as the primary valuation methodology and EV/EBITDA ratio as the secondary valuation methodology. Other valuation methodologies considered but not adopted are as follows:

Valuation Methodologies	Justification
Net Asset Valuation ("**NAV**") or Revalued NAV ("**RNAV**")	NAV or RNAV was not adopted as it may not accurately reflect the potential of the Acquiree Companies as the value of Acquiree Companies are more likely to be derived from future business operations instead of assets
Discounted Free Cash Flow to Equity ("**FCFE**")	FCFE valuation method was not adopted due to unavailability of cash flow projections for the Acquiree Companies

Eco Asia has conducted the analysis based on PE multiple and EV/EBITDA ratio of comparable companies listed on Bursa Securities and involved in similar principal activities as to the Acquiree Companies, which is trading and manufacturing of industrial chemicals.

It should be noted that the selection of the comparable companies and the adjustment made are highly subjective and judgmental and that the selection of the comparable companies may not be entirely comparable to the Acquiree Companies due to various factors such as product market segment, customer base, production process and technical know-how.

The details of the selected comparable companies are as follows:

Comparable Companies	Principal Activities	Market Capitalisation (RM' million)
Luxchem Corporation Berhad ("**Luxchem**")	• Luxchem supplies and distributes industrial chemicals in four (4) major industries, namely polyvinyl chloride, rubber, latex and fiberglass reinforced plastic and coating; • Manufactures unsaturated polyester resin; and • Produce rubber latex chemical dispersion, latex processing chemicals, latex surfactant, dispersant and specialty chemicals for latex industry.	(1)737.71
Chemical Company of Malaysia Berhad ("**CCM**")	CCM specialises in producing the following chemicals and polymers: • Chlorine, hydrochloric acid, sodium hypochlorite and polyaluminium chloride are largely used in water treatment; • Calcium nitrate used in rubber making industry; and • Wide range of specialty chemicals to various industry such as rubber chemicals, food and pharmaceutical, industrial, health and hygiene and surface coating.	(2)516.52

Notes:

(1) Computed based on closing market price as at LPD

(2) Computed based on closing market price as at 9 February 2021, being the last trading day before CCM was delisted from Bursa Securities

The PE multiple of the comparable companies are as follow:

Comparable companies	**[1]Average market price (RM)**	**PAT (RM' million)**	**Issued shares (million)**	**PE multiple (times)**
Luxchem	0.66	[3]47.85	996.97	13.75
CCM	[2]1.67	[4]16.07	167.69	17.43
			Average	**15.59**

Notes:

(1) Taken into consideration the surge in market price for companies which are related to the rubber glove manufacturing industry due to the COVID-19 pandemic which resulted in a significant increase in demand for rubber gloves. Hence, Eco Asia adopted an average market price computed based on a simple average of the daily closing market price for the past 2 years up to LPD as a better representative to derive at the PE multiple of respective comparable companies

(2) Based on note (1) above, the 2-year average market price of CCM is derived up to 9 February 2021, being the last trading day before CCM was delisted from Bursa Securities

(3) Based on Luxchem's latest audited financial results as at 31 December 2020

(4) Based on CCM's latest available audited financial results as at 31 December 2019

Based on the average PE multiple of the comparative companies and the Minimum GP provided by the Acquiree Companies, the estimated value of the Acquiree Companies is as follows:

	Amount (RM'000)
Minimum GP[1]	14,000
Multiply: Average PE multiple of comparable companies (times)	15.59
	218,260
Less: Illiquidity discount (30%)[2]	(65,478)
Indicative valuation	**152,782**

Notes:

(1) The Vendors undertake that the Acquiree Companies shall during the Guaranteed Profit Period achieve the Minimum GP and amounting to the Aggregate GP

(2) A factor which may have an impact on the valuation is the liquidity of the asset i.e., the extent in which the asset can be freely bought or sold. Generally, shares of non-listed companies are not freely tradeable as compared to public listed companies. Illiquidity discount typically ranges from 20% to 30% based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Assets" by Aswath Damodaran. In the case of the Acquiree Companies, conservative approach is adopted in determining the illiquidity discount at 30% taking into consideration that the revenue of Acquiree Companies is smaller relative to the revenue of comparable companies

In addition, EV/EBITDA ratio as the secondary valuation methodology is conducted on the Acquiree Companies. The EV/EBITDA ratios of the comparable companies are as follows:

	Comparable companies	
	Luxchem	**CCM**
Average market price (RM)[(1)(2)]	0.66	1.67
Multiply: Issued shares (million)	996.97	167.69
Market capitalisation (RM' million)[(3)]	658.00	280.04
Add: Total borrowings (RM' million)	64.46	196.15
Less: Total cash (RM' million)	(140.36)	(111.78)
EV (RM' million)[(4)]	582.10	364.41
Divide: EBITDA (RM' million)[(5)]	69.33	52.99
EV/EBITDA ratio (times)	8.40	6.88
Average EV/EBITDA ratio of comparable companies (times)	**7.64**	

Notes:

(1) Taken into consideration the surge in market price for companies which are related to the rubber glove manufacturing industry due to the COVID-19 pandemic which resulted a significant increase in demand for rubber gloves. Hence, Eco Asia adopted an average market price computed based on a simple average of the daily closing market price for the past 2 years up to LPD as a better representative to derive at the PE multiple of respective comparable companies

(2) Based on note (1) above, the 2-year average market price of CCM is derived up to 9 February 2021, being the last trading day before CCM was delisted from Bursa Securities

(3) Computed based on the average market price multiplies by the total issued shares of comparable companies

(4) Computed as (market capitalisation + total borrowings – total cash). Total borrowings are cash are extracted from the latest available audited financial statements of comparable companies

(5) Computed based on latest available audited financial statements of comparable companies

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Based on the average EV/EBITDA ratio of comparable companies and the Minimum GP provided by the Acquiree Companies, the estimated value of the Acquiree Companies is as follows:

	Amount (RM'000)
Minimum GP[(1)]	14,000
Add: Taxation[(2)]	4,421
Add: Finance cost[(3)]	10
Add: Amortisation and depreciation[(3)]	283
EBITDA of Acquiree Companies	18,714
Average EV/EBITDA ratio of comparable companies (times)	7.64
Less: Illiquidity discount (30%)[(4)]	(2.29)
Adjusted EV/EBITDA ratio	5.35
Indicative EV of Acquiree Companies[(5)]	**100,120**
Less: Total borrowings[(3)]	-
Add: Total cash[(3)]	13,135
Indicative valuation	**113,255**

Notes:

(1) The Vendors undertake that the Acquiree Companies shall during the Guaranteed Profit Period achieve the Minimum GP and amounting to the Aggregate GP

(2) Effective tax rate is assumed to be in accordance to the statutory tax rate of 24.0%. The estimated taxation is derived by dividing the GP by 76.0% (i.e.: 1 – effective tax rate), and thereafter, deducting the GP

(3) Based on latest audited financial results of the Acquiree Companies for FYE 2020

(4) A factor which may have an impact on the valuation is the liquidity of the asset i.e., the extent in which the asset can be freely bought or sold. Generally, shares of non-listed companies are not freely tradeable as compared to public listed companies. Illiquidity discount typically ranges from 20% to 30% based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Assets" by Aswath Damodaran. In the case of the Acquiree Companies, conservative approach is adopted in determining the illiquidity discount at 30% taking into consideration that the revenue of Acquiree Companies is smaller relative to the revenue of comparable companies

(5) Computed based on EBITDA of Acquiree Companies multiplies by adjusted EV/EBITDA ratio

Based on the selected valuation methods, the values of the Acquiree Companies range from RM113.26 million to RM152.78 million as at LPD.

The Board is of the view that the Profit Guarantee is realistic, taking into consideration the historical performance and future prospects of the Acquiree Companies. In the event the Profit Guarantee is not met, the Group shall be entitled to be reimbursed and deduct from the Retention Sum an amount of at least equivalent to the shortfall.

2.4 Source of funding

The Purchase Price of RM105,000,000 will be funded via internally generated funds and/or bank borrowings, the proportions will be determined later after taking into consideration the Group's gearing level, interest costs and cash reserves.

Assuming the Purchase Price is to be funded through RM55,000,000 interest bearing bank borrowings, for illustration purposes only, the proportions of the mode of settlement shall be in the following manner:

Mode of settlement	RM	%
Bank borrowings	55,000,000	52.38
Internal generated funds[(1)]	50,000,000	47.62
	105,000,000	**100.00**

Note:

(1) Inclusive of Retention Sum of RM42.00 million to be retained from the Purchase Price as a security for the Profit Guarantee

2.5 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.

2.6 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.

3. RATIONALE FOR THE PROPOSED ACQUISITIONS

The Hextar Group is one of the major agrochemical companies out of approximately 55 agrochemical companies in Malaysia based on the internal market study done by the management of the Group. The Hextar Group has more than 30 years of experience involved in the entire supply chain of the agrochemical businesses from research and development to manufacturing and distribution.

On 14 June 2021, the shareholders of Hextar approved the Group's diversification into the business of specialty cleaning chemicals which forms part of the specialty chemical industry. In line with the Group's objective and strategy to deliver sustainable growth and value creation to the shareholders of Hextar, the Proposed Acquisitions will enable the Group to increase its market share and further strengthen its foothold in the specialty chemicals industry.

In addition, the Proposed Acquisitions comes with the Profit Guarantee of an aggregate of RM42.00 million over 3 years which translates into a PAT of RM14.00 million for each consecutive year from FYE 31 December 2021 to FYE 31 December 2023. This will provide the Group with an additional revenue stream and further strengthen the Group's financial performance and financial position thus creating greater value for the shareholders of Hextar.

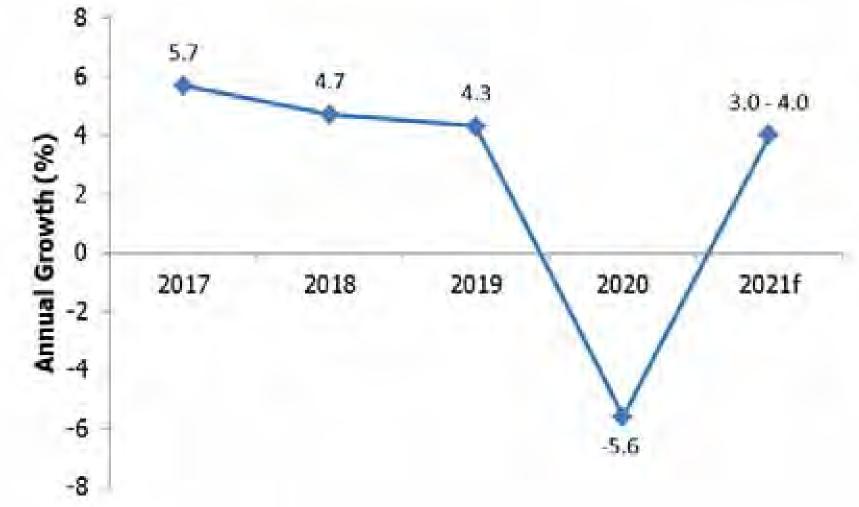
The Board is of the view that the specialty chemicals business segment has significant growth potential, given the favourable outlook and prospects of the industry, as set out in Section 4. Hence, the Proposed Acquisitions will allow Hextar to further expand into the specialty chemicals industry and strengthen the Group's foothold in the chemicals industry.

4. OVERVIEW, OUTLOOK AND PROSPECTS

4.1 Overview and prospects of the Malaysian economy

The Malaysian economy contracted by 5.6% in its real gross domestic product ("**GDP**") in 2020, due to the COVID-19 pandemic which began in December 2019 and has caused a significant economic slowdown in many countries including Malaysia. Figure 1-1 depicts Malaysia's real GDP at 2015 prices from 2017 to 2021f.

Figure 1-1: Malaysia's Real GDP, 2017-2021f



Note: f denotes forecast

*(Source: Bank Negara Malaysia ("**BNM**"))*

In the second quarter of 2021 ("**2Q 2021**"), the Malaysian economy expanded by 16.1% compared to -0.5% in the first quarter of 2021 ("**1Q 2021**"). The growth performance was mainly supported by improved domestic demand and robust exports performance, particularly for electrical and electronics ("**E&E**") products in particular. Figure 1-2 depicts the performance of key economic sectors in Malaysia for the 1Q 2021 and 2Q 2021.

Figure 1-2: The Malaysian Economic Performance by Sector, 1Q 2021 and 2Q 2021

	1Q 2021	2Q 2021
Services	-2.3	13.4
Manufacturing	6.6	26.6
Mining	-5.0	13.9
Construction	-10.4	40.3
Agriculture	0.2	-1.5

(Source: BNM)

The services sector recorded a double-digit growth of 13.4% (1Q 2021: -2.3%) due to improvements in consumer-related activities in April and May. The finance and insurance subsector improved on account of higher fee income, stable loan and deposit growth, as well as higher net insurance premiums. Similarly, the information and communication subsector continued to grow on the account of higher demand for e-commerce and e-payment activity as well as remote working and learning arrangements.

The manufacturing sector expanded by 26.6% (1Q 2021: 6.6%), driven primarily by robust E&E production and continued external demand for E&E products. However, growth in the manufacturing sector was impacted by the re-imposition of restrictions as manufacturing operations were limited to essential sectors. The mining sector rebounded to 13.9% in 2Q 2021 (1Q 2021: -5.0%), the first positive growth since the second quarter of 2019, supported by improvement in crude oil and natural gas production amid gradual recovery in external demand and the ramped-up production from the PETRONAS Floating Liquefied Natural Gas DUA facility.

The agriculture sector contracted by 1.5% (1Q 2021: 0.2%) as a result of a larger decline in oil palm output due to a shortage of labour affecting harvesting activities. However, the sector was supported by positive growth in the livestock and other agricultural sub-sectors as a result of sustained domestic demand.

The construction sector rebounded with a double-digit growth of 40.3% in the 2Q 2021 (1Q 2021: -10.4%) supported by continued works on large-scale infrastructure projects and on-going implementation of small-scale projects under Budget 2021, and the PEMERKASA and PEMERKASA+ stimulus packages. Nonetheless, construction activity was disrupted by the re-imposition of restrictions during the quarter where only essential construction projects were allowed to resume under reduced workforce capacity.

The Malaysian economy is on the recovery path supported by better external and domestic demand. Despite the recent re-imposition of containment measures, the impact on growth would be less severe than 2020 as more economic sectors are allowed to operate on the account of a growing vaccination rate as the country targets to vaccinate 80% of the population by the end of 2021. The Government has introduced counter-cyclical policy measures such as the Pelan Jana Semula Ekonomi Negera ("**PENJANA**") short-term economic recovery plan, the PRIHATIN Rakyat Economic Stimulus Package together with PRIHATIN Supplementary Initiative Package, the Budget 2021, the Malaysian Economic and Rakyat Protection Assistance Package ("**PERMAI**"), the Rakyat and Economic Strategic Empowerment Programme ("**PEMERKASA**"), and the National People's Well-Being and Economic Recovery Package ("**PEMULIH**"). The Malaysian economy is projected to register growth of 3.0% to 4.0% in 2021, supported by policy measures to cushion the impact of COVID-19 pandemic, improvements in external conditions as well as gradual recovery in economic activities as a result of the progress of the National COVID Immunisation Programme, and 80% of population is targeted to be vaccinated by end of December 2021. Nonetheless, the downside risks to the growth outlook remains and stem from the continued uncertainties from the COVID-19 pandemic and a risk of tighter containment measures as well as weaker-than-expected global growth recovery.

(Source: Independent market research report by Protégé Associates)

4.2 Overview of specialty chemicals industry in Malaysia

The chemicals industry can be broadly categorised into specialty chemicals and commodity chemicals. Commodity chemicals are produced in large quantities that have a wide range of applications while specialty chemicals are manufactured chemicals or formulations, which are usually produced in smaller quantities and designed to modify the performance of the end-product.

The chemicals and chemical products industry in Malaysia is a key contributor of the country's manufacturing sector. It also produces outputs that are used as raw materials in the manufacturing of finished goods such as electrical and electronic products, plastic products, and agricultural goods. The industry is supported by the abundance of oil and gas resources and easy access to feedstock.

Specialty chemicals are manufactured because of their performance or function and can be used across a diverse range of end-user industries such as oil and gas, painting, construction, textiles, cosmetics, and rubber. Examples of specialty chemicals include coagulants, antioxidants, accelerators, and stabilisers. The global specialty chemicals market size is estimated to be USD721.06 billion in 2019 and projected to grow at a compound annual growth rate of 4.9% to reach USD957.30 billion in 2027.

The Malaysian specialty chemicals industry (in terms of sales value) in Malaysia was valued at RM34.64 billion in 2020, a decrease of 15.4% from RM40.95 billion in 2019, mainly due to overall drop in demand from end-user industries. The COVID-19 pandemic led to imposition of lockdown measures throughout the year whereby government and private businesses, except for those deemed as essential services or with special approval, were required to temporarily cease operations and close their premises. As these chemicals are used across various end-user industries, any disruptions to them will affect the specialty chemicals industry. The pandemic led to an uneven demand across the different end-user industries. Industries such as paints and construction saw lower activity and a lower demand for specialty chemicals while demand increased for manufacturing of certain rubber and plastic products for use as COVID-19 related solutions.

Although the COVID-19 pandemic is still on-going in Malaysia and globally, the national vaccination programme is underway as the country aims to vaccinate 80% of the population by the end of 2021. The country is also implementing more targeted lockdown measures in the National Recovery Plan to enable the gradual return of more economic activities. The impact of lockdown measures is expected to be less severe compared to last year as businesses are more prepared now after having experienced prior lockdowns; they have contingency plans in place and they can implement work-from-home arrangements efficiently to ensure that they can continue operating. As such, the Malaysian specialty chemicals industry is expected to recover to reach RM36.20 billion in 2021. The industry is forecast to grow at a compound annual growth rate of 6.5% from RM34.64 billion in 2020 to RM49.59 billion in 2025.

Rubber Industry in Malaysia

Due to the availability of raw materials, good infrastructure, and research and development in the country, Malaysia is a strong global player in the rubber products industry. The Malaysian rubber products industry consists of three sub-sectors, namely industrial and general rubber products, tyre and tyre-related products, and latex products. In 2020, Malaysia manufactured RM63.44 billion worth of rubber products, a marked increase of 55.2% from RM40.87 billion in 2019, mainly due to an increase in production of rubber gloves, of which Malaysia is a leading global supplier. In addition, Malaysia is also a global supplier of new tyres, latex threads, catheters, and condoms. The country's export of rubber products has also increased in 2020, primarily due to the overwhelming demand for latex products, namely rubber gloves used in for hygiene and prevention of COVID-19 transmission. The export of rubber products stood at RM41.0 billion in 2020, representing an increase of 75.6% from RM23.3 billion in 2019.

Specialty chemicals are required in the processing of rubber to produce rubber products. Rubber is naturally strong and can be stretched many times without breaking. It is also a good electrical insulator and can resist various corrosive substances. However, rubber is prone to melting during warm weather and cracking with cold weather. The vulcanisation process, whereby rubber is treated with heat and the chemical sulphur, solved many of the issues that plagued rubber. After undergoing vulcanisation, the rubber would become hard and keep its shape. Since the vulcanisation process using sulphur and high heat alone is too slow, specialty chemicals called accelerators are used to speed up the process while also conducting it at a lower temperature. Since then, various specialty chemicals have been used to alter the properties of rubber depending on what the rubber is intended for. For example, specialty chemicals can be used to improve rubber's resistance to heat, oxidation, and mechanical stresses.

There are more than 185 companies in Malaysia producing industrial and general rubber products such as mounting, tubing, hoses, seals, and sheeting for the automotive, machinery & equipment, as well as construction industries. There are more than 40 companies producing tyre and tyre-related products, with 11 tyre producers while the others produce re-tread tyres, inner tubes, and related accessories.

The latex products sub-sector, which produces products such as rubber gloves, catheters, condoms and latex thread amongst others, is a key component of the Malaysian rubber products industry. There are more than 125 companies in this sub-sector, including major rubber glove manufacturers Top Glove Corporation Berhad and Hartalega Holdings Berhad, as well as major condom manufacturer Karex Berhad.

Rubber Glove Manufacturers

Malaysia is the largest supplier of rubber gloves globally, producing around 65% of the global supply. Rubber gloves are used by a variety of end-user industries such as healthcare and F&B due to their protective features. They are also used in households for protection against harsh cleaning chemicals.

Malaysia produced 102.59 billion pairs of rubber gloves in 2020, which was a significant increase of 85.2% from 55.40 billion pairs in 2019, as manufacturers responded to the sharp spike in demand, especially from the healthcare industry due to the spread of COVID-19 pandemic. Global demand for rubber gloves was estimated to be 460 billion pieces in 2020. In response to high demand for rubber gloves, existing rubber glove manufacturers had also increased production capacity by commissioning new production lines. Other companies such as Mah Sing Group Berhad, Iconic Worldwide Berhad, and AT Systemization Berhad have also diversified their businesses and begun to produce rubber gloves to meet the high global demand. In tandem with increased production and global demand, rubber glove exports increased by 26.3% from 787,793 tonnes in 2019 to 994,908 tonnes in 2020.

Rubber glove manufacturers in Malaysia are users of specialty chemicals. Although rubber has natural properties such as electrical insulation and flexibility, natural rubber is sensitive to temperature and is prone to melting in the heat and cracking in the cold. As such, specialty chemicals are added to rubber during processing to alter the properties of the rubber and the performance of the rubber glove. For example, coagulants are commonly used for latex coagulation or converting the latex from a liquid state to a solid state. Specialty chemicals are also used to clean the glove formers during the manufacturing process to ensure that they are free from dirt or debris that would otherwise contaminate to cause defects to the rubber gloves. Additionally, specialty chemicals called anti-tack agents are used to facilitate the removal of the gloves from the glove formers and make the gloves easier for people to put on.

Backed by persistent healthcare demand and roll-out of COVID-19 vaccines, the high demand for rubber gloves is expected to remain resilient in 2021, whereby the demand for rubber gloves is estimated to be 500 billion pieces for the year.

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4.2.1 Demand conditions (2021 – 2025)

(a) Wide Range of End-Users

Specialty chemicals are used in the manufacturing of a wide range of end-products from end-users ranging from oil and gas to manufacturing of paint, rubber products, textiles, cosmetics and personal care products. The demand for specialty chemicals is expected to remain robust due to continued demand from a wide range of end-users. For example, as an essential service to ensure food security, the agricultural sector will continue to require specialty chemicals for better crop production and protection. COVID-19 lockdown measures imposed globally had led to a decline in demand for oil and gas products due to a significant drop in the transportation sector. However, as countries such as the US and England are beginning to ease lockdown measures, this is likely to cause an increase in transportation and aviation activity, which is likely to increase demand for oil and gas products. This bodes well for Malaysian oil and gas producers and in turn will drive the need for specialty chemicals.

Although the COVID-19 pandemic has affected the economic activity worldwide, the gradual recovery of the global economy amidst the COVID-19 pandemic is likely to lead to recovery in the end-user markets, thus driving demand for specialty chemicals during the forecast period.

(b) Increased Demand from Rubber Glove Manufacturers

Due to the COVID-19 pandemic, there has been a sharp increase in demand for rubber gloves. As the leading supplier of rubber gloves globally, Malaysian rubber glove manufacturers have had to boost their production capacities to fulfil the demand. This resulted in 102.59 billion pairs of rubber gloves produced in 2020, a substantial increase of 85.2% from 2019. The Malaysian Rubber Glove Manufacturers Association ("**MARGMA**") estimated that the demand of rubber gloves will reach 500 billion pieces in 2021 while estimated supply is likely to only achieve 420 billion pairs. Despite the higher production capacity, there is still a global shortage of rubber gloves and the MARGMA estimates that this shortage may continue until 2023.

The specialty chemical industry is expected to benefit from the continued demand for rubber gloves. This is due to the usage of specialty chemicals such as coagulants and cleaning agents during the production of rubber gloves. As such, the growth of the specialty chemical industry during the forecast period is anticipated to be driven by the higher demand for rubber gloves.

(c) Developments in the Malaysian Rubber Products Industry

The Malaysian rubber products industry benefitted during the COVID-19 pandemic as a result of significant demand for rubber gloves. However, it is imperative that the industry players look towards the future beyond the temporary surge in demand. The Malaysian Rubber Council, a government agency under the Ministry of Plantation Industries and Commodities, has undertaken the task to continue developing the country's rubber products industry with initiatives such as linking the upstream and downstream activities, encouraging both foreign and direct investments, as well as helping Malaysian companies explore the international market.

The rubber products industry attracted RM4.3 billion in investments in 2020, an increase from RM3.1 billion from the previous year. A significant investment comes from MSL Rubber Industries Sdn Bhd to produce products such as rubber rollers, marine fenders, and anti-abrasion rubber linings. Furthermore, the Plantation Industries and Commodities Minister had announced that a new tyre manufacturing plant would be set up in the country as part of efforts to expand the country's tyre industry. The continued investment and development of the rubber products industry is expected to drive demand for specialty chemicals, especially those used in rubber processing, during the forecast period.

(d) Demand for Industrial and General Rubber Products

Demand for industrial and general rubber products such as hoses, tubing, seals, and sheets which are used in various industries such as the construction industry, have been adversely affected by the COVID-19 pandemic. Nevertheless, the Malaysian Rubber Council believes that post-pandemic, the Malaysian rubber products industry can capitalise on the demand for industrial and general rubber products used in the construction industry. The construction industry is expected to recover in 2021 after a difficult 2020 due to on-going and upcoming mega infrastructure projects such as the Pan Borneo Highway, the Gemas-Johor Bahru Electrified Double-Tracking Projects, and the Mass Rapid Transit 3 projects. An uptick in construction activity augurs well for the demand of industrial and general rubber products, which in turn will drive the demand for specialty chemicals during the forecast period.

4.2.2 Supply conditions (2021 – 2025)

(a) Availability of Crude Oil

Malaysia possesses an abundance of oil and gas reserves. These reserves along with the establishment of the petroleum products including petrochemicals industry in the country has contributed to Malaysia's economic growth over the years. As seen in the figure below, Malaysia produces over 600,000 barrels of crude oil per day. The crude oil is refined to produce various petroleum products and petrochemicals, including specialty chemicals.

Figure 1-3: Production of Crude Oil Including Lease Condensate, 2016-2020

	Production (barrels/day)				
	2016	**2017**	**2018**	**2019**	**2020**
Crude Oil Including Lease Condensate	666,934	647,915	652,805	604,296	541,017

(Source: United States Energy Information Administration)

The constant supply of petrochemicals in Malaysia would mean that producers of specialty chemicals are unlikely to experience shortages in raw materials, thus enabling them to produce a constant supply of specialty chemicals.

(b) Government Support for the Specialty Chemicals Industry

Although the Malaysian chemicals and chemical products industry is considered to be well-established and supported by a good ecosystem, there are opportunities for the specialty chemicals industry to develop further. The Chemical and Advanced Materials Division of the Malaysian Investment Development Authority ("**MIDA**") has engaged with industry stakeholders to promote and assist investment in the specialty chemicals industry, including offering various incentives under the Promotion of Investment Act 1986. The feedback has been positive, with Petronas Chemical Group Berhad acquiring a Netherlands-based company that produces specialty chemicals such as silicones and additives for lubricants. MIDA has identified the manufacturing of specialty chemicals as a promoted activity which means that companies involved in said activity are eligible for consideration for incentives such as Pioneer Status and Investment Tax Allowance. Industry players have also been encouraged to explore the usage of crude oil to chemicals technology to produce specialty chemicals directly from crude oil. Additionally, the MIDA is encouraging manufacturers of specialty chemicals to adopt digitalisation and automation in their production line.

The continued support from the Government for the development of the specialty chemicals industry in Malaysia will likely fuel the development of the industry during the forecast period.

(Source: Independent market research report by Protégé Associates)

4.3 Outlook of specialty chemicals industry in Malaysia

The Malaysian specialty chemicals industry (in terms of sales value) contracted by 15.4% from RM40.95 billion in 2019 to RM34.64 billion in 2020 due primarily to the COVID-19 pandemic. There was uneven demand from the wide range of end-users of specialty chemicals as lockdown measures limited business activities for those in non-essential services. The increased demand from end-users such as rubber glove manufacturers was not enough to offset the decreased demand from other end-users such as those in construction and paints.

Continued demand for specialty chemicals during the forecast period is expected to come from the wide range of end-user industries that use specialty chemicals, the continued development of the rubber products industry, and strong demand from rubber glove manufacturers in particular. Malaysia has targeted to vaccinate 80% of its population by the end of 2021 and this will enable gradual recovery of economic activity in the country as more non-essential services will be allowed to operate. This will drive the demand for specialty chemicals from such businesses. The rubber products industry is expected to develop further during the forecast period as a result of increased investment in the industry. The need for specialty chemicals during rubber processing will then lead to growth in the specialty chemicals industry. The rubber products industry is also expected to see demand for industrial and general rubber products increase, especially through the recovery of the construction industry in light of major infrastructure projects. Rubber glove manufacturing, in particular, is expected to drive the growth of the specialty chemicals industry due to the continued demand for rubber gloves globally due to the COVID-19 pandemic.

On the supply side, the specialty chemicals industry is supported by the availability of raw materials and continued government support. Malaysia is a global producer of crude oil owing to the abundance of oil and gas reserves. The specialty chemicals industry utilises petrochemicals as a raw material and the ease of access to such materials will ensure that specialty chemical producers will have enough raw materials for the production process. Malaysia sees the specialty chemicals industry as a way to further grow the country's chemicals and chemical products industry and have provided incentives for companies to invest in it. They have also engaged with industry stakeholders to promote the industry further, whilst also encouraging industry players to explore new innovations.

The outlook for the specialty chemicals industry in Malaysia is expected to be positive during the forecast period with the industry continuing to be resilient as Malaysia and the rest of the world recover from the COVID-19 pandemic, leading to an increase demand from a wide range of end-user industries. As such, Protégé Associates projects the specialty chemicals industry to grow at a compound annual growth rate of 6.5%* from RM34.64 billion in 2020 to RM49.59 billion in 2025.

Note:

* The outlook and growth forecast of the specialty chemicals industry in Malaysia is based on a combination of resources including information from and data published by the Department of Statistics Malaysia, the Malaysian Investment Development Authority, and various news articles.

Primary and secondary research works were conducted to determine factors affecting the industry such as the demand for chemical products and the challenges and trends affecting the industry. All the findings are collated and analysed to determine the outlook and the growth forecast of the specialty chemicals industry in Malaysia.

(Source: Independent market research report by Protégé Associates)

4.4 Overview, prospects and future plans of the Group post Proposed Acquisitions

The Acquiree Companies are involved in the business of manufacturing and distribution of specialty chemical products while the Hextar Group is principally involved in the manufacturing and distribution of agrochemicals. Both organisations are one of the major players in their respective chemical sectors and bring years of expertise in the field of chemicals manufacturing and distribution.

The Proposed Acquisitions will enable the Hextar Group to further expand into the growing specialty chemicals industry following the completion of the recent acquisition of AASB and CTSB which are involved in the specialty cleaning chemicals industry. The consolidation of the Acquiree Companies is expected to contribute positively towards the Hextar Group's revenue and earnings upon the completion of the Proposed Acquisitions.

Currently, the Hextar Group does not have any plans or intentions to undertake any major changes to the existing business 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, the Hextar Group intends to have the flexibility to consider any options and opportunities, as and when they arise, as may deem 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.

(Source: Management of Hextar)

5. RISK FACTORS

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 subject to, among others, the fulfilment of the conditions precedent of the SSA. The Proposed Acquisitions may not be completed if any of the conditions precedent cannot be fulfilled and/or waived, as the case may be, within the stipulated timeframe. Any delay in the fulfilment of the conditions precedent of the SSA may lead to a delay in the completion and/or termination of the Proposed Acquisitions.

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

(b) Economic, political and regulatory risks as well as outbreak of disease

The prospects and profitability level of the Acquiree Companies may be affected by any development in the economic, political and regulatory environment of Malaysia. Political and economic uncertainties include (but are not limited to) changes in general economic, business and credit conditions, Government legislation and policies affecting foreign investors, inflation, interest rates, fluctuation in foreign exchange rates, political or social development, methods of taxation and the occurrence of force majeure events or circumstances which are beyond the control of the Group, for instance, natural disasters as well as outbreak of diseases (such as the recent COVID-19 pandemic). The ongoing COVID-19 pandemic has had an adverse impact on the local economy whereby local businesses have not been able to operate as usual during the movement control order period.

The Group will endeavour to ensure that it will continue to adopt effective measures such as prudent financial management and efficient management procedures to manage these risks. However, there can be no assurance that changes in one or more of these factors which are beyond the control of the Group, will not materially affect the financial and business performance of the Acquiree Companies.

(c) Risk of not achieving Profit Guarantee

While the Board has taken reasonable steps to assess the achievability of the Profit Guarantee, there can be no assurance that the Profit Guarantee will be met.

To mitigate this risk, the Group is entitled to retain the Retention Sum in the manner as prescribed in the Appendix I, where in the event the PAT is less than the Profit Guarantee, the Group shall be entitled to be reimbursed and deduct from the Retention Sum an amount equivalent to the shortfall. However, there is no guarantee that the Retention Sum will be sufficient to make good any shortfall between the Profit Guarantee and the PAT achieved by the Acquiree Companies during the Profit Guarantee period, for instance, in the case of the Acquiree Companies recorded losses after tax during the Profit Guarantee period.

(d) Investment risk

Although the inclusion of the Acquiree Companies is expected to contribute positively to the earnings of the Group, there is no guarantee that the expected benefits from the Proposed Acquisitions will materialise or that the Group would be able to generate sufficient returns from the Acquiree Companies to offset the associated cost of investment.

The Board will exercise due care in considering the potential risks and benefits associated with the Proposed Acquisitions, and the Board believes that the Proposed Acquisitions will be value accretive and synergistic to the enlarged Group, after taking into consideration among others, the prospects of the Acquiree Companies.

(e) Dependence on key personnel of the Acquiree Companies

The financial and business performance of the Acquiree Companies is dependent to a certain extent on the skills, abilities, experience and competencies of its key operation personnel managing the business. There can be no assurance that the loss of any key operation personnel through the possibility of resignation without suitable and timely replacement would not affect the financial and business performance.

The Board intends to retain the permanent staff of the Acquiree Companies to ensure that there is continuity in the management of the Acquiree Companies and that there is no disruption to the day to day operations and business. In view that Chieng Diing Yaw, one of the Vendors, who is also one of the founders and key personnel of the Acquiree Companies, is responsible for the overall business operations of the Acquiree Companies, the Acquiree Companies agree to employ him during the Guaranteed Profit Period subject to the terms of the management contract to be entered into between him and the Acquiree Companies. Chieng Diing Yaw has also agreed to remain in the employment of the Acquiree Companies and the management contract will be executed with effect from the Completion Date or the extended Completion Date. The profile of Chieng Diing Yaw is set out as below:

Chieng Diing Yaw, aged 52, having over 26 years of experience in the glove chemical industry, is the co-founder and director of the Acquiree Companies and he is responsible for the overall business operations of the Acquiree Companies. He graduated from University of Malaya with a Bachelor of Science (Honours) (Biochemistry) in 1992 which was then followed by a Master of Science (Biochemistry) in 1995. He then obtained his Doctorate in Business Administration from Southern Pacific University, United States of America in 2004.

The Board believes that the management contract with Chieng Diing Yaw is sufficient to ensure continuity in the management of the Acquiree Companies and the Board is not considering entering into any other management contract with other parties.

(f) COVID-19 pandemic

The Acquiree Companies' businesses are susceptible to any outbreak of diseases or pandemics, such as COVID-19, to certain extent that it causes interruptions to the business operations including supply chain and logistic. These interruptions, if prolonged, will adversely affect the Acquiree Companies' business operations and financial performance. Similarly, any global or regional economic downturn would also affect overall business and consumer sentiments which would subsequently affect the financial performance of the Acquiree Companies.

The Acquiree Companies are mainly involved in the manufacturing and distribution of specialty chemicals products which are also affected by the pandemic. As a result of the recent EMCO in Selangor where the Acquiree Companies operate, the Acquiree Companies have temporarily halted its business operations in compliance with EMCO directives. However, the management of the Acquiree Companies will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, review its business operations and financial performance as well as introduce measures to improve its business performance.

(g) Financing and interest rate risk

The Group intends to fund the Purchase Price via internally generated funds and/or external borrowings.

The Group's ability to arrange for external financing and the cost of such financing are dependent on various factors, including general economic and debt capital market conditions, interest rates, credit availability from financial institutions and Hextar Group's financial position.

The Group could potentially be exposed to fluctuations in interest rates on financing obtained, leading to higher borrowing costs that may adversely affect the Group's future operations and financial performance, as well as our ability to service future loan repayment obligations.

Nevertheless, the Board endeavours to continuously monitor and review Hextar Group's capital structure, gearing, cash flows and debt commitments.

(h) Competition risk

The Group may face competition from existing competitors and/or new entrants operating in similar business relating to specialty chemicals products, from both local and regional specialty chemicals business operators.

Nevertheless, the Group will continue to take proactive measures to remain competitive in this business by inter-alia, constantly keeping abreast with the latest market conditions, and continuing efforts in maintaining a competitive edge in terms of cost and operational efficiency throughout its value chain (i.e. manufacturing of specialty chemicals products) as well as product quality. However, there can be no assurance that the Group will be able to compete effectively with the existing and new entrants in similar business relating to the specialty chemicals business in the future which may affect the Group's financial performance.

6. EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisitions 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 ordinary shares in the Company.

6.2 NA and gearing

For illustration purposes only, based on the latest audited consolidated financial statements of Hextar for FYE 2020, the proforma effects of the Proposed Acquisitions on the consolidated NA and gearing of Hextar are shown below:

	Audited as at 31 December 2020	**Subsequent events up to LPD**	**After the Proposed Acquisitions**
	RM'000	**RM'000**	**RM'000**
Share capital	169,913	169,913	169,913
Revaluation reserve	7,405	7,405	7,405
Exchange reserve	*	*	*
Retained profits	22,477	22,477	(3)21,977
Shareholders' funds/NA	**199,795**	**199,795**	**199,295**
Non-controlling interests	1,472	1,472	1,472
Total Equity	**201,267**	**201,267**	**200,767**
No. of shares	820,679,564	(1)1,313,087,284	1,313,087,284
NA per Share (RM)	0.24	0.15	0.15
Borrowings (RM'000)	58,892	(2)147,892	(4)202,892
Gearing (times)	0.29	(5)0.74	(5)1.02

Notes:

* Less than RM1,000

(1) After adjusting bonus issue of 492,407,720 new ordinary shares in Hextar ("**Bonus Shares**") on the basis of 3 Bonus Shares for every 5 existing ordinary shares in Hextar

(2) Including RM89.00 million financing procured in relation to the acquisition of AASB and CTSB which was completed on 23 July 2021

(3) After deducting estimated expenses of RM0.50 million in relation to the Proposed Acquisitions

(4) Assuming RM55.00 million of the Purchase Price is funded through interest bearing borrowings

(5) Gearing is calculated based on borrowings divided by NA. The NA does not include potential future earnings of the enlarged Group.

6.3 Earnings and EPS

The actual impact of the Proposed Acquisitions on the consolidated earnings and EPS of Hextar moving forward will depend on, among others, the market and industry conditions and the successful integration of the operations of the Acquiree Companies into Hextar. Nevertheless, the Proposed Acquisitions are expected to be earnings accretive and to contribute positively to the future earnings of the Hextar Group immediately upon completion.

For illustration purposes only, based on the latest audited consolidated financial statements of Hextar for FYE 31 December 2020, 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 year, is as follows:

	Audited 31 December 2020 RM'000	**Subsequent events up to LPD RM'000**	**After the Proposed Acquisitions RM'000**
PAT attributable to the owners of Hextar	44,536	(3)58,260	58,260
Add: Contribution from the Proposed Acquisitions(1)(2)	-	-	13,520
PAT attributable to the owners of Hextar	**44,536**	**58,260**	**71,780**
Less: Interest cost arising from the bank borrowings	-	(4)(4,913)	(5)(3,036)
Less: Estimated expenses for the Proposed Acquisitions (which are non-recurring in nature)	-	-	(500)
Pro forma PAT attributable to the owners of Hextar	**44,536**	**53,347**	**68,244**
Number of shares in issue	820,679,564	(6)1,313,087,284	(6)1,313,087,284
EPS (sen)	**5.43**	**4.06**	**5.20**

Notes:

(1) Based on the latest audited PAT of NSPSB of RM13,064,325 for the financial year ended 31 December 2020

(2) Based on the latest audited PAT of NSSB of RM455,913 for the financial year ended 31 December 2020

(3) After adjusting for the contribution from the acquisition of AASB based on latest audited PAT of RM2,999,552 for the FYE 31 October 2019 and CTSB based on latest audited PAT of RM11,224,131 for the FYE 31 March 2020, and deducting estimated expenses of RM500,000

(4) Based on interest rate per annum of 5.52% in relation to RM89.00 million financing procured for the acquisition of AASB and CTSB which was completed on 23 July 2021

(5) Assuming the Group is able to procure RM55.00 million financing from the same licensed financial institution in Note (4) above, for the Proposed Acquisitions at an indicative interest rate per annum of 5.52%

(6) After adjusting bonus issue of 492,407,720 Bonus Shares on the basis of 3 Bonus Shares for every 5 existing ordinary shares 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 Proposed Acquisitions are subject to the following approvals being obtained: -

(a) approval of the shareholders of Hextar at the forthcoming EGM of the Company to be convened; and

(b) any other relevant authorities and/or parties, if required.

The Proposed Acquisitions are not conditional upon any other corporate proposals undertaken by Hextar.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 52.55%, computed based the Purchase Price in relation to the Proposed Acquisitions as compared with the NA of Hextar as at 31 December 2020 of RM199,794,829.

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

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 Proposed Acquisitions.

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. DIRECTORS' STATEMENTS AND RECOMMENDATION

After considering all aspects of the Proposed Acquisitions, including the rationale and benefit, justification of arriving at the Purchase Price and prospects for the Proposed Acquisitions, the Board is of the opinion that the Proposed Acquisitions are in the best interest of the Hextar Group and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Acquisitions to be tabled at the forthcoming EGM of the Company to be convened.

11. ADVISER

M&A Securities has been appointed as the Principal Adviser for the Proposed Acquisitions.

12. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save as disclosed below, as at LPD, there is no other corporate proposal which has been announced but is pending implementation.

On 2 August 2021, Hextar announced that it had on 2 August 2021, entered into a share sale agreement ("**ENRA Kimia SSA**") with Ekopintar Sdn Bhd ("**Ekopintar**") and ENRA Energy Sdn Bhd ("**ENRA Energy**") to acquire the entire issued share capital of ENRA Kimia Sdn Bhd ("**ENRA Kimia**") for a total cash consideration of RM50.00 million ("**Proposed ENRA Kimia Acquisition**"). Under the terms of the ENRA Kimia SSA, Hextar will acquire 49% or 4,900,000 ordinary shares in ENRA Kimia for a cash consideration of RM24.50 million and Ekopintar will acquire the remaining 51% or 5,100,000 ordinary shares for a cash consideration of RM25.50 million from ENRA Energy.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all required approvals being obtained as well as fulfilment and/or waiver of all Conditions Precedent detailed in the SSA, the Proposed Acquisitions are expected to be completed in the 2nd half of 2021.

The details of the tentative timeline are set out below:

Tentative timeline	Events
23 September 2021	EGM
End-September 2021	Completion of the Proposed Acquisitions

14. EGM

The EGM, notice of which is enclosed in this Circular, to be conducted on a **fully virtual basis** by way of live streaming and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via TIIH Online websites at https://tiih.online or https://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Thursday, 23 September 2021 at 3.00 p.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.

In view of the COVID-19 pandemic and further to the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, listed issuers are only allowed to conduct fully virtual general meetings during Phase 1 of the National Recovery Plan. A fully virtual general meeting is conducted online where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting via online. Physical gatherings are strictly prohibited regardless of the crowd of any size.

Members/proxies/corporate representatives/attorneys **will not be allowed to attend the EGM in person** on the day of the meeting. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via RPV facilities provided by Tricor via its **TIIH Online** website at https://tiih.online. Please refer to the "Procedures for RPV" provided in the Administrative Details for the EGM for further information on how to participate remotely via RPV.

If you decided to appoint proxy(ies) or corporate representative(s) or attorney(s) to attend, participate, speak and vote at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein to the office of the 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 its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

The proxy appointment may also be lodged electronically via Tricor's **TIIH Online** website at https://tiih.online **no later than Tuesday, 21 September 2021 at 3.00 p.m**. For further information on the electronic lodgement of the Form of Proxy, kindly refer to the Administrative Details for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

15. FURTHER INFORMATION

Please refer to the Appendix IX 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

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3 September 2021

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

Dear Sirs,

VALUATION REPORT ON NOBEL SYNTHETIC POLYMER SDN BHD ("NSPSB") AND NOBEL SCIENTIFIC SDN BHD ("NSSB") (COLLECTIVELY KNOWN AS "ACQUIREE COMPANIES")

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1. INTRODUCTION

This report has been prepared for inclusion in the circular to shareholders of Hextar Global Berhad ("**Hextar**") in relation to the Proposed Acquisition of the Acquiree Companies ("**Proposed Acquisition**") ("**Circular**").

On 12 July 2021, Hextar had entered into a Share Sale Agreement ("**SSA**") with the shareholders of NSPSB and NSSB (collectively known as "**Vendors**") to acquire 100% equity interest in the Acquiree Companies for a purchase consideration of RM105.00 million ("**Purchase Consideration**") to be fully satisfied via cash. Upon completion of the Proposed Acquisition, the Acquiree Companies will become wholly-owned subsidiaries of Hextar.

This valuation report ("**Report**") set out the description of the Acquiree Companies which is the subject of the valuation, scope of the valuation, method of valuation preferred, key basis and assumptions on which the valuation is performed, our valuation and limitations thereon.

This Report must be read in conjunction with the limitation and restrictions as set out in paragraph 3 and 4 below and the key basis and assumptions of the valuation set out in paragraph 6.4 below.

2. SOURCE OF INFORMATION

In carrying out the valuation, we have relied on the following information and documents provided to us by the management of NSPSB and NSSB ("**Management**").

(i) Audited report of NSPSB and NSSB for the financial year ended ("**FYE**") 31 December 2020;

(ii) Management accounts of NSPSB and NSSB for the financial period ended ("**FPE**") 31 March 2021;

(iii) Representation and discussion with Hextar and the Management;

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2. SOURCE OF INFORMATION (CONT'D)

(iv) Various documents and information made available to us during the course of our discussion with Hextar and the Management; and

(v) Other publicly available data and information.

3. SCOPE AND LIMITATION OF REVIEW

Eco Asia Capital Advisory Sdn Bhd ("**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 role as the independent valuer 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 Hextar, although we may draw upon their views in arriving at our valuation. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall valuation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Acquisition.

The valuation is valid only on the Valuation Date and for the purpose specified herein. Our work includes holding discussions with certain officers and making enquiries from Hextar and the Management regarding representations embodied in the operations and financial position of the Acquiree Companies. In performing our valuation, we rely on Hextar and the Management's oral and written representations and in no event shall we, our partners, principals, directors, shareholders, agents or employees be liable for any misrepresentations by Hextar and the Management.

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.

As part of the SSA, the Vendors irrevocably agrees, undertakes and covenants that the Acquiree Companies shall from FYE 31 December 2021 until FYE 31 December 2023 (the "**Guaranteed Profit Period**") achieve a Guaranteed Profit ("**GP**") after taxation of RM14.00 million for each financial year consecutively and derive an aggregate GP of RM42.00 million over the Guaranteed Profit Period. Eco Asia, in no way, guarantee or otherwise warrant the achievability of the GP.

It should be noted that the valuation in itself is highly dependent on, amongst others, prevailing economic, market and other conditions which may change significantly over a relatively short period of time. 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.

It should also be highlighted that the valuation may be materially or adversely affected should the actual results or events differ from any of the basis and assumptions upon which the valuation was based. As such, the adoption of such basis and assumptions does not imply that we warrant their validity or achievability.

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4. RESTRICTIONS

This Report is prepared strictly and solely for Hextar's internal management use and is not intended for general circulation and cannot be disclosed or referred to, in whole or in part, in any document other than for the inclusion in the Circular in relation to the Proposed Acquisition. 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 Hextar. 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 Valuation Date as disclosed in paragraph 6.2 below.

5. BACKGROUND INFORMATION

5.1 Information on NSPSB

NSPSB was incorporated in Malaysia on 12 January 2005 under the Companies Act, 1965. NSPSB is principally involved in the manufacturing of chemical derivatives, coating and related products.

The issued share capital of NSPSB is RM500,000 comprising 500,000 ordinary shares in NSPSB. NSPSB has no subsidiaries or associate companies.

Summary of the audited financial information of NSPSB for the past 3 financial years up to the FYE 31 December 2020 and the unaudited 3-months management accounts as at FPE 31 March 2021 are set out below: -

	Audited FYE 31 December			Unaudited FPE 31 March
	2018	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	35,691	31,132	42,985	11,829
Gross profit	13,326	12,691	18,360	5,077
Profit before tax	12,427	11,693	16,802	4,687
Profit after tax	9,908	9,055	13,064	3,595
Share capital ('000)	500	500	500	500
Net asset ("NA")	32,421	35,476	30,540	28,981
NA per share (RM)	64.84	70.95	61.08	57.96
Earnings per share (RM)	19.82	18.11	26.13	7.19

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5. BACKGROUND INFORMATION (CONT'D)

5.2 Information on NSSB

NSSB was incorporated in Malaysia on 14 December 2010 under the Companies Act, 1965. NSSB is principally involved in the manufacturing of chemical derivatives, coating and related products.

The issued share capital of NSSB is RM250,000 comprising 250,000 ordinary shares in NSSB. NSSB has no subsidiaries or associate companies.

Summary of the audited financial information of NSSB for the past 3 financial years up to the FYE 31 December 2020 and the unaudited 3-months management accounts as at FPE 31 March 2021 are set out below: -

	Audited FYE 31 December			Unaudited FPE 31 March
	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	13,988	6,462	3,523	563
Gross profit	5,073	1,575	1,069	103
Profit before tax	2,997	325	561	27
Profit after tax	2,276	236	456	4
Share capital ('000)	250	250	250	250
NA	7,935	8,172	4,628	4,631
NA per share (RM)	31.74	32.69	18.51	18.52
Earnings per share (RM)	9.10	0.94	1.82	0.02

6. VALUATION

6.1 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 market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

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

6.2 Date of Valuation

The date of valuation or latest practicable date is 3 September 2021 ("**Valuation Date**" or "**LPD**").

6. VALUATION (CONT'D)

6.3 Method of Valuation

We took into consideration the nature of asset and the business of Acquiree Companies in determining the most appropriate valuation method among the following commonly used valuation methodologies in equity valuation: -

Valuation Methodologies	Discussion
Net Asset Valuation ("**NAV**") / Revalued Net Asset Valuation ("**RNAV**") • The starting point and yet the simplest method will be the balance sheet which is based on historical document showing the assets and liabilities of the business at a point in time. • A revalued approach can be undertaken to account for the market value of tangible assets such as property, plant and equipment, inventories and etc., as well as intangible assets such as goodwill and brands.	NAV/ RNAV valuation method may not accurately reflect the potential of the Acquiree Companies as the value of Acquiree Companies is more likely to be derived from its future business operations instead of its assets.
Price Earnings ("**PE**") Multiples • This is the most commonly used valuation method for either listed or unlisted companies. • The PE ratio reflects the market's view of the likely future growth in earnings and the quality of those earnings. • Care must be taken in identifying a suitable comparable PE multiple to apply to the earnings.	We have adopted the PE multiples as our primary valuation method due to the following: - • The purchase consideration is based on an average GP which is provided in a form of PAT; • The PE multiples is a common and acceptable valuation metric which estimates a company's market value based on its PAT relative to its peers; and • The PE multiples is more likely to reflect the current sentiment of the market.

6. VALUATION (CONT'D)

6.3 Method of Valuation (Cont'd)

Valuation Methodologies	Discussion
Discounted Free Cash Flow to Equity ("**FCFE**") • FCFE measures the value of the free cash flows which are generated by a company over time which are available to equity shareholders. • In order to value shares using free cash flows, we have to discount the future free cash flows over time using the cost of capital. • The present value of the cash flows, after deducting amounts owing to lenders, will represent that portion of the free cash flows which accrue to the equity shareholders.	FCFE valuation method was not adopted due to unavailability of cash flow projections for the Acquiree Companies.

For the purpose of this valuation, we have selected the PE multiples method as the primary valuation methodology as it takes into account reasonable estimate of multiples or premiums that others have paid for similar companies. The PE multiples method is preferred as this is more likely to reflect the current sentiment of the market.

In addition, we have also taken into consideration the Enterprise Value ("**EV**") over Earnings Before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") ("**EV/EBITDA**") ratio as the secondary valuation methodology. The EV/EBITDA ratio illustrates the ratio of the EV of a company (which is the sum of the company's market value and total debts less cash balances) relative to a company's EBITDA. It indicates the price which investors are willing to pay to invest in a company compared to its EBITDA.

6.4 Key Basis and Assumptions of the Valuation

The key basis and assumptions adopted in the valuation are as follows: -

(i) The unaudited 3-months management accounts as at FPE 31 March 2021 provided to us reflect the true and fair view of the financial position and performance of the Acquiree Companies and do not reflect any material bias:

(ii) There will be no material changes in the principal activities, group structure, key management personnel, operating policies, accounting and business policies presently adopted by the Acquiree Companies. There will be continuity in responsible ownership and competent management with respect to the operation of the business;

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6. VALUATION (CONT'D)

6.4 Key Basis and Assumptions of the Valuation (Cont'd)

(iii) There will be no material changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will have direct or indirect impacts on the activities and performance of the Acquiree Companies and the business of the Acquiree Companies' major customers and suppliers;

(iv) There are no undisclosed actual or contingent assets or liabilities, including but not limited to any contracts and/or off-balance sheet financial instruments, no unusual obligation or commitment other than in the ordinary course of business, nor any pending litigations which would have material effects on the financial position and performance of the Acquiree Companies now or in the future;

(v) That the valuation has been carried out on the basis that the Acquiree Companies will continue to be going concern. It is assumed that the current operations and activities of the Acquiree Companies will continue and the valuation has not taken into account any future developments and/ or potential business ventures the Acquiree Companies may undertake;

(vi) There will not be any material changes in the present legislation, government regulation, inflation rates, interest rates, foreign exchange rates, base and rates of taxation, and other lending guidelines which will affect the business operation of the Acquiree Companies;

(vii) There will be no major industrial disputes or other abnormal factors which will adversely affect the planned operations of the Acquiree Companies; and

(viii) There will be no material adverse impacts from service disruptions, equipment or network breakdowns or other similar occurrences, wars, epidemic, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of the Acquiree Companies.

Please note that the valuation is highly dependent on, amongst others, the achievability of the financial performance as well as the materialisation of the basis and assumptions used in arriving the valuation. We wish to highlight that the valuation may be materially or adversely affected in the event if the actual results or events differ from the basis and assumptions upon which the valuation were based.

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6. VALUATION (CONT'D)

6.5 Valuation Results

Using the valuation method as outlined in paragraph 6.3 above, the range of values of the Acquiree Companies are as follow: -

(i) PE Multiples Method

We have conducted this analysis based on PE multiples of comparable companies listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") and involved in similar principal activities as to the Acquiree Companies, which is trading and manufacturing of industrial chemicals.

Please note that the selection of the comparable companies and the adjustment made are highly subjective and judgmental and that the selection of the comparable companies may not be entirely comparable to the Acquiree Companies due to various factors such as product market segment, customer base, production process and technical know-how.

Details of the selected comparable companies are as follow: -

Comparable Companies	Principal Activities	Market Capitalisation (RM' million)
Luxchem Corporation Berhad ("**Luxchem**")	• Luxchem supplies and distributes industrial chemicals in four (4) major industries, namely polyvinyl chloride, rubber, latex and fiberglass reinforced plastic and coating; • Manufactures unsaturated polyester resin; and • Produce rubber latex chemical dispersion, latex processing chemicals, latex surfactant, dispersant and specialty chemicals for latex industry.	(1) 737.71
Chemical Company of Malaysia Berhad ("**CCM**")	CCM specialises in producing the following chemicals and polymers: - • Chlorine, hydrochloric acid, sodium hypochlorite and polyaluminium chloride are largely used in water treatment; • Calcium nitrate used in rubber making industry; and • Wide range of specialty chemicals to various industry such as rubber chemicals, food and pharmaceutical, industrial, health and hygiene and surface coating.	(2) 516.52

Notes (A):

(1) Computed based on closing market price as at LPD.

(2) Computed based on closing market price as at 9 February 2021, being the last trading day before CCM was delisted from Bursa Securities.

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6. VALUATION (CONT'D)

6.5 Valuation Results (Cont'd)

(i) PE Multiples Method (Cont'd)

The PE multiples of the comparable companies are as follow: -

Comparable Companies	[1] Average Market Price (RM)	PAT (RM' million)	Issued Shares (million)	PE Multiple (times)
Luxchem	0.66	[3] 47.85	996.97	13.75
CCM	[2] 1.67	[4] 16.07	167.69	17.43
			Average	**15.59**

Notes (B):

[1] We took into consideration the surge in market price for companies which are related to the rubber glove manufacturing industry due to the COVID-19 pandemic which resulted in a significant increase in demand of rubber gloves. Hence, we adopted an average market price computed based on a simple average of the daily closing market price for the past 2 years up to LPD as a better representation to derive at the PE multiple of respective comparable companies. *(Source of market price: Bloomberg)*

[2] Based on note (1) above, the 2-year average market price of CCM is derived up to 9 February 2021, being the last trading day before CCM was delisted from Bursa Securities. *(Source of market price: Bloomberg)*

[3] Based on Luxchem's latest audited financial results as at FYE 31 December 2020.

[4] Based on CCM's latest available financial results as at FYE 31 December 2019.

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6. VALUATION (CONT'D)

6.5 Valuation Results (Cont'd)

(i) PE Multiples Method (Cont'd)

Based on the average PE multiple of the comparative companies and the GP provided by the Acquiree Companies, the estimated value of the Acquiree Companies is as follows: -

	Amount (RM'000)
Average GP [1]	14,000
(x) Average PE multiple of comparable companies (times)	15.59
	218,260
(-) Illiquidity discount (30%) [2]	(65,478)
Indicative valuation of 100% equity interest in Acquiree Companies	**152,782**

Notes (C):

(1) The Vendors undertake that the Acquiree Companies shall achieve GP after taxation of not less than RM14.00 million for each financial year consecutively and derive an aggregate GP of RM42.00 million over the Guaranteed Profit Period.

(2) Based on "Investment Valuation: Tools and Techniques for Determining the Value of Any Assets" by Aswath Damodaran, a factor which may have an impact on the valuation is the liquidity of the asset i.e., the extent in which the asset can be freely bought or sold. Generally, shares of non-listed companies are not freely tradeable as compared to public listed companies. Illiquidity discount typically ranges from 20% to 30%. In the case of the Acquiree Companies, we adopted a conservative approach in determining the illiquidity discount at 30% taking into consideration that the revenue of Acquiree Companies is smaller relative to the revenue of comparable companies.

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6. VALUATION (CONT'D)

6.5 Valuation Results (Cont'd)

(ii) EV/EBITDA RATIO Method

The EV/EBITDA ratio of the comparable companies are as follow: -

	Comparable Companies	
	Luxchem	**CCM**
Average market price (RM) [(1)]	0.66	1.67
(x) Issued shares (million)	996.97	167.69
Market capitalisation (RM' million) [(2)]	658.00	280.04
(+) Total borrowings (RM' million)	64.46	196.15
(-) Total cash (RM' million)	140.36	111.78
EV (RM' million) [(3)]	582.10	364.41
(÷) EBITDA (RM' million) [(4)]	69.33	52.99
EV/EBITDA ratio (times)	8.40	6.88
Average EV/EBITDA ratio of comparable companies (times)	**7.64**	

Notes (D):

(1) Computed based on a simple average of the daily closing market price for the past 2 years as mentioned in Notes (B) (1) and (2) above.

(2) Computed based on the average market price multiples by the total issued shares of comparable companies.

(3) Computed as (market capitalisation + total borrowings – total cash). Total borrowings and cash are extracted from the latest available audited financial statements of comparable companies.

(4) Computed based on the latest available audited financial statements of comparable companies.

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6. VALUATION (CONT'D)

6.5 Valuation Results (Cont'd)

(ii) EV/EBITDA RATIO Method (Cont'd)

Based on the average EV/EBITDA ratio of the comparative companies and the GP provided by the Acquiree Companies, the estimated value of the Acquiree Companies is as follows: -

	Amount (RM'000)
Average GP [1]	14,000
(+) Taxation [2]	4,421
(+) Finance cost [3]	10
(+) Amortisation and depreciation [3]	283
EBITDA of Acquiree Companies	18,714
Average EV/EBITDA ratio of comparative companies (times)	7.64
(-) Illiquidity discount (30%) (times) [4]	(2.29)
Adjusted EV/EBITDA ratio (times)	5.35
Indicative EV of Acquiree Companies [5]	100,120
(-) Borrowings [3]	-
(+) Cash [3]	13,135
Indicative valuation of 100% equity interest in Acquiree Companies	**113,255**

Notes (E):

(1) The Vendors undertake that the Acquiree Companies shall achieve GP after taxation of not less than RM14.00 million for each financial year consecutively and derive an aggregate GP of RM42.00 million over the Guaranteed Profit Period.

(2) Effective tax rate is assumed to be in accordance to the statutory tax rate of 24.0%. The estimated taxation is derived by dividing the GP amount by 76.0% (i.e 1- effective tax rate), and thereafter, deducting the GP.

(3) Based on latest audited financial statements of the Acquiree Companies for the FYE 31 December 2020.

(4) As mentioned in Note (C) (2) above.

(5) Computed based on EBITDA of Acquiree Companies multiples by adjusted EV/EBITDA ratio.

6. **VALUATION (CONT'D)**

6.5 Valuation Results (Cont'd)

Based on the selected methods of valuation, the values of the Acquiree Companies range from **RM113.26 million to RM152.78 million** as at the Valuation Date. These values are limited by the approaches as outlined in paragraph 6.3 above and any reference to the values will have to be read in context of the approaches used in the valuation as well as the basis and assumptions as detailed in paragraph 6.4 above.

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 judgement. Because of the susceptibility of valuations to 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 the Acquiree Companies will reflect the specific circumstances of the buyer and seller, their perceptions of business and market factors as the point of execution.

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

Kelvin Khoo
Managing Director

The salient terms of the SSA include the following:-

(a) Manner of Payment of Purchase Price

Upon the execution of the SSA, the Deposit shall be paid by the Purchaser to the Vendors' solicitors as stakeholder of the Vendors who are authorised to release the Deposit upon the completion of Proposed Acquisitions to the Vendors in the proportions as set out in the Section 2.1 of this Circular;

The Balance Purchase Price shall be paid by the Purchaser to the Vendors' solicitors as stakeholder of the Vendors on or before the Completion Date who are authorised to release the Balance Purchase Price to the Vendors in the proportions as set out in the Section 2.1 of this Circular;

In the event that the Purchaser shall fail to pay the Balance Purchase Price on the Completion Date, the Vendors shall grant the Purchaser an Extended Completion Period to enable the Purchaser to settle the Balance Purchase Price or part thereof remaining outstanding; and

The Retention Sum shall be paid by the Purchaser to the Vendors in accordance with the Profit Guarantee provisions in the SSA.

(b) Conditions Precedent

The obligations of the Vendors to sell and the Purchaser to purchase the Sale Shares are conditional upon the following Conditions Precedent being fulfilled within four (4) months from the date of the SSA ("**Condition Period**"):

1. satisfactory legal and financial due diligence findings on the Acquiree Companies by the Purchaser within one (1) month from the date of the SSA;

2. the Purchaser having obtained the approval of its shareholders at an EGM to be convened, for the execution of the SSA and the purchase of the Sale Shares from the Vendors subject to the terms and conditions of the SSA;

3. the execution of undated management contracts between the Purchaser, the Acquiree Companies and Chieng Diing Yaw ("**Management Contracts**") with effect from the Completion Date or the extended Completion Date, as the case may be, on terms and conditions mutually agreed with the Purchaser;

4. the Vendors to procure and obtain all approvals, consents and sanctions (government, regulatory, third party or otherwise), if required, for the following;

   (aa) sale of the Sale Shares by the Vendors to the Purchaser upon the terms and conditions of the SSA; and

   (bb) the subsequent change in the board of directors or management of the Acquiree Companies resulting therefrom.

If any of the Conditions Precedent has not been satisfied on or before 10.00 a.m. on the last day of the Condition Period, the Condition Period shall be extended for a further period of two (2) months ("**Extended Condition Period**").

In the event any of the Conditions Precedent are not satisfied by the expiration of the Condition Period or the Extended Condition Period, as the case may be, the SSA will terminate and thereafter be of no effect save for any claims arising from any antecedent breach of the SSA. The Vendors shall forthwith refund the Deposit to the Purchaser within fourteen (14) days upon receipt of notice of termination from the Purchaser or the Purchaser's solicitors.

The SSA shall become unconditional upon satisfaction or fulfilment of all Conditions Precedent.

(c) Retention Sum

The Vendors agrees with the Purchaser to retain the Retention Sum and which to be released in the manner set out under Appendix I, Section (d) of this Circular.

(d) Profit Guarantee

Each Vendor, irrevocably agrees undertakes and covenants that the Acquiree Companies shall achieve the Profit Guarantee within the Guaranteed Profit Period.

At the end of first financial year during the Guaranteed Profit Period, if the Acquiree Companies achieve PAT of up to the amount of the Minimum GP, the Purchaser shall pay the Vendors such equivalent amount of **Ringgit Malaysia Fourteen Million (RM14,000,000.00)** only from the Retention Sum in the following manner:

1. Subject to the satisfactory performance by the Vendors and after perusing the management account as at 31 December 2021, the Purchaser at its discretion (which shall not be more than two (2) weeks after the availability of the management account) shall release up to **Ringgit Malaysia Three Million Two Hundred Thousand (RM3,200,000.00)** only being the part of the Retention Sum and part of the GP to the Vendors to fulfil the Vendors' request; and

2. The balance GP of up to **Ringgit Malaysia Ten Million Eight Hundred Thousand (RM10,800,000.00)** for the first financial year shall be released to the Vendors within thirty (30) days from the issuance of the audited account for the financial year end 31 December 2021.

At the end of second and third financial year during the Guaranteed Profit Period, if the Acquiree Companies achieve PAT of up to the amount of the Minimum GP, the Purchaser shall pay the Vendors such equivalent amount of the Minimum GP from the Retention Sum for the respective financial year.

In the event the PAT for any financial year during the Guaranteed Profit Period is more than the Minimum GP, the Purchaser shall pay the Vendors the Minimum GP amount from the Retention Sum.

In the event the Acquiree Companies achieved the GP of more than the Minimum GP in any financial year, the excess GP achieved in any financial year shall be carried forward and accounted for in the computation of the Aggregate GP. In the event and once the Acquiree Companies achieved the Aggregate GP within the Guaranteed Profit Period or earlier, the Vendors shall (in the year which Aggregate GP been achieved) be allowed to claim back from the Purchaser whatever shortfall retained by the Purchaser within the Guaranteed Profit Period (if any) which will thereafter form a total amount of **RM42,000,000.00** to be paid to the Vendors from the Retention Sum. For avoidance of doubt, once the Acquiree Companies achieved an Aggregate GP or above within the Guaranteed Profit Period, the Vendors will be entitled to a total amount of maximum RM42,000,000.00 from the Retention Sum.

If the Acquiree Companies fail to achieve the Minimum GP for any financial year during the Guaranteed Profit Period, the Purchaser shall pay to the Vendors the Retention Sum in the following manner:

In the event that the Acquiree Companies generate PAT between **Ringgit Malaysia Eleven Million (RM11,000,000.00)** only to **Ringgit Malaysia Fourteen Million (RM14,000,000.00)** only for any financial year during the Guaranteed Profit Period, the Purchaser shall pay to the Vendors the said amount of PAT generated by the Company to the Vendors as follows:

Example 1:
For illustration purposes only, assuming if the Acquiree Companies achieve **Ringgit Malaysia Eleven Million (RM11,000,000.00)** only for the financial year 2021, the Vendors are entitled to **Ringgit Malaysia Eleven Million (RM11,000,000.000)** only and the Purchaser shall pay to the Vendors of **Ringgit Malaysia Eleven Million (RM11,000,000.00)** only from the Retention Sum for the financial year 2021.

In the event that the Acquiree Companies generate PAT below **Ringgit Malaysia Eleven Million (RM11,000,000.00)** only for any financial year during the Guaranteed Profit Period, the Purchaser shall pay to the Vendors the said amount of PAT generated by the Acquiree Companies to the Vendors as follows:

Example 2:
For illustration purposes only, assuming if the Acquiree Companies achieve PAT for the financial year 2021 of **Ringgit Malaysia Ten Million (RM10,000,000.00)** only, the amount of PAT generated by the Acquiree Companies payable to the Vendors from the Retention Sum for the financial year 2021 shall be calculated as follows: -

(RM14,000,000.00 – RM11,000,000.00) + [(RM11,000,000.00 – RM10,000,000.00) x 2]
= RM5,000,000.00

RM14,000,000.00 – RM5,000,000.00 = RM9,000,000.00

RM9,000,000.00 will be the final figure paid from the Retention Sum for the financial year 2021 to the Vendors.

Example 3:
For illustration purposes only, assuming if the Acquiree Companies achieve PAT for the financial year 2022 of **Ringgit Malaysia Nine Million (RM9,000,000.00)** only, the amount of PAT generated by the Acquiree Companies payable to the Vendors shall be calculated as follows:

(RM14,000,000.00 – RM11,000,000.00) + [(RM11,000,000.00 – RM9,000,000.00) x 2]
= RM7,000,000.00

RM14,000,000.00 – RM7,000,000.00 = RM7,000,000.00

RM7,000,000.00 will be the final figure paid from the retained sum for the financial year 2022 to the Vendors.

(e) Bank Guarantee

The Purchaser will obtain banker's guarantees equivalent to the Retention Sum ("**Bank Guarantee**") from a licensed financial institution in Malaysia in favour of the Vendors, which shall be released to the Vendors in accordance with Section (d) above.

(f) Minimum NA

The Vendors shall ensure that the proforma consolidated net tangible assets of the Acquiree Companies collectively maintained at no lower than **RINGGIT MALAYSIA THIRTY MILLION FIVE HUNDRED THOUSAND (RM30,500,000.00)** only as at 31 December 2020 which is determined and remaining from the combined NA as at 31 December 2020 of **Ringgit Malaysia Thirty Five Million One Hundred Sixty Eight Thousand (RM35,168,000.00)** only less the payment of dividends and/or distributions and the profits made on the disposal of the Acquiree Companies' land and building*.

Note:

* Since 1 January 2021 up to LPD, a total dividend of RM5,153,800 has been declared and paid to the Vendors

(g) Engagement of Independent Contractor

Chieng Diing Yaw agrees to be engaged by the Acquiree Companies as an independent contractor during the Guaranteed Profit Period subject to the terms and conditions to be mutually agreed between Chieng Diing Yaw, the Purchaser and the Acquiree Companies in the Management Contract.

(h) Termination

The SSA shall continue and remain in full force and effect unless terminated pursuant to the provisions of the SSA.

Without prejudice to any parties' other right to terminate under the SSA, in the event prior to the Completion:

1. any party goes into liquidation, whether compulsory or voluntary (except for the purposes of a bona fide reconstruction or amalgamation) or becomes a bankrupt;

2. any party becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with;

3. 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 within 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

4. there is a material breach of any representations or warranties on or before the completion of the sale and purchase of the Sale Shares ("**Completion**") 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,

then the non-defaulting party shall at its sole discretion be entitled to do any of the following:

1. In the event Condition Precedent has been fulfilled by parties but prior to Completion or extended Completion Date, the non-defaulting party shall be allowed to claim for specific performance of the SSA against the defaulting party (without prejudice to all other rights of claim for loss, damage and compensation by the non-defaulting party against the defaulting party); or terminate the SSA and none of the parties shall have any claim against the others under the SSA, save for any claims arising from any antecedent breach of the SSA;

2. In the event Condition Precedent has not been fulfilled by parties, the non-defaulting party shall be allowed to terminate the SSA and none of the parties shall have any claim against the others under the SSA, save for any claims arising from any antecedent breach of the SSA; and

3. Nothing herein shall prejudice the position that in the event the defaulting party are the Vendors and the Purchaser chooses to terminate the SSA, the Vendors shall forthwith refund the Deposit to the Purchaser within fourteen (14) days upon receipt of such notice of termination from the Purchaser or the Purchaser's solicitors. In the event the defaulting party is the Purchaser and the Vendors choose to terminate the SSA, the Vendors shall forfeit the Deposit paid by the Purchaser.

In the event the Purchaser fails, neglects or refuses to pay the Balance Purchase Price and obtain the necessary Bank Guarantee in favour of the Vendors within the Completion Period or before the extended Completion Date, as the case may be, the Vendors shall at its sole and absolute discretion be entitled to:

1. terminate the SSA and forfeit the Deposit wherein none of the parties shall have any claim against the others under the SSA, save for any claims arising from any antecedent breach of the SSA; or

claim for specific performance of the SSA against the Purchaser (without prejudice to all other rights of claim for loss, damage and compensation by the Vendors against the Purchaser).

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1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF NSPSB

NSPSB was incorporated in Malaysia on 12 January 2005 under the Companies Act 1965. NSPSB commenced its operation on 12 January 2005 and is principally involved in the manufacturing of chemical derivatives, coating and related products. NSPSB is also involved in the research and development of specialty chemical products.

NSPSB and NSSB have developed synergies between themselves whereby NSSB is the division to produce new products with the objective of ascertaining the viability of the new products before they are being sold in the market on a large scale. These new products are sold at a lower profit margin as they are generally launched at a lower price to attract potential customers. After a series of market tests by NSSB and once the new products are proven viable, it will be manufactured by NSPSB on a large scale. The pricing for the new products will then be revised upwards to reflect a higher profit margin.

1.1. Principal revenue segments

NSPSB is principally involved in the manufacturing of chemical derivatives, coating and related products which contributed 100% to NSPSB's total revenue for FYE 2018 to FYE 2020 and FPE 31 March 2021. The customers of NSPSB are mainly from the rubber industry which includes rubber glove makers.

1.2. Principal products' markets

The principal products' markets of NSPSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 are set out as follows:

	FYE						**FPE 31 March**	
	2018		**2019**		**2020**		**2021**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Domestic	25,610	71.75	22,355	71.80	30,940	71.98	8,576	72.50
Foreign	10,082	28.25	8,777	28.20	12,045	28.02	3,253	27.50
Total	**35,692**	**100.00**	**31,132**	**100.00**	**42,985**	**100.00**	**11,829**	**100.00**

1.3. Key sources of raw materials and supplies

The key sources of raw materials and supplies of NSPSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 as set out below:

	FYE						FPE 31 March	
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	14,200	57.57	9,338	65.83	12,184	59.28	3,948	58.75
Foreign	10,466	42.43	4,847	34.17	8,368	40.72	2,772	41.25
Total	**24,666**	**100.00**	**14,185**	**100.00**	**20,552**	**100.00**	**6,720**	**100.00**

1.4. Production capacity

(a) Details of plant

Location of the plant	Main types of activities carried out	Size
No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2, 43300 Balakong Jaya, Selangor(1)	Manufacturing of chemical derivatives, coating and related products	Land area: 14,037 square feet Built-up area: 12,667 square feet
No. 1, Jalan Perindustrian BJ2T 1/1, Kawasan Perindustrian Balakong Jaya 2 Tambahan, 43300 Seri Kembangan, Selangor(2)	Manufacturing of chemical derivatives, coating and related products	Land area: 35,338 square feet Built-up area: 16,066 square feet

Notes:

(1) Rented from Bollin & Quinn Resources Sdn Bhd, a company which the Vendor, Marcus Mar Hung Than has 83.33% equity interest. The tenancy is valid until 30 November 2022 subject to renewal, at monthly rental of RM16,000.00.

(2) Rented from Marcus Mar Hung Than and the tenancy is valid until 8 March 2024 subject to renewal, at monthly rental of RM35,000.00.

(b) Annual production capacity and output

Capacity per annum[1]	**FYE**			**FPE 31 March**
	2018	**2019**	**2020**	**2021**
Maximum production (metric ton)	5,628	7,606	8,953	2,369
Actual production (metric ton)	5,213	5,093	6,780	2,021
Production utilisation (%)	92.63	66.96	75.73	85.31

Note:

(1) Maximum production capacity and utilisation rate are calculated on the of 1 work shift per day x 2 batches x 52 weeks x 5.5 days

1.5. Assets owned

As at LPD, the assets owned by NSPSB are, amongst others, machinery and equipment for its manufacturing operations.

1.6. Research and development

The number of persons employed and expenses incurred related to the staff cost in research and development of NSPSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 are set out as below:

Research and development	**FYE**			**FPE 31 March**
	2018	**2019**	**2020**	**2021**
Number of employee(s)	3	6	6	5
Staff related expenses (RM)	97,568	209,263	372,384	84,824

2. SHARE CAPITAL

As at LPD, the issued share capital of NSPSB is RM500,000 comprising 500,000 NSPSB Shares.

3. SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

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

			Direct		Indirect	
Name	**Designation**	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**
Marcus Mar Hung Than	Director and Shareholder	Malaysian	275,000	55.00	-	-
Chieng Diing Yaw	Director and Shareholder	Malaysian	225,000	45.00	-	-

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

NSPSB does not have any other subsidiaries or associated companies.

5. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF NSPSB

A summary of the financial information of NSPSB for the past 3 audited financial years up to the FYE 2020 and FPE 31 March 2021 are set out below:-

	FYE			FPE 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	RM	**RM**	**RM**	**RM**	**RM**
Revenue	35,691,484	31,132,067	42,985,171	8,674,771	11,828,876
Gross Profit	13,325,904	12,690,658	18,359,906	3,475,493	5,077,135
PBT	12,427,393	11,692,822	16,801,548	3,395,621	4,686,632
PAT	9,907,811	9,054,499	13,064,325	3,373,862	3,594,520
Share capital	500,000	500,000	500,000	500,000	500,000
Shareholders' funds/NA	32,421,348	35,475,847	30,540,172	24,849,708	28,980,890
No. of shares	500,000	500,000	500,000	500,000	500,000
NA per share	64.84	70.95	61.08	49.70	57.96
EPS	19.82	18.11	26.13	6.75	7.19
Total borrowings	6,928	56,154	-	-	-
Gearing (times)	*	*	-	-	-

	FYE			FPE 31 March	
	2018	2019	2020	2020	2021
	RM	RM	RM	RM	RM
Current ratio	12.42	9.39	6.28	84.03	36.51

The above financial statements of NSPSB have been prepared in accordance with the MPERS. Upon completion of the Proposed Acquisitions, NSPSB 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 NSPSB.

Note:

* Smaller than 0.01

<u>Commentary on past performance of NSPSB</u>

(a) FYE 2018 as compared to FYE 2019

For FYE 2019, NSPSB recorded revenue of RM31.13 million, which represents a decrease of RM4.56 million or 12.77% as compared to FYE 2018 of RM35.69 million, mainly due to the decline in sales due to lower sales secured from one of the major customers of NSPSB.

As a result, the production of the manufacturing operations of NSPSB declined from 5,213 metric tonnes in FYE 2018 to 5,093 metric tonnes in FYE 2019, which represents a decrease of 2.30%. However, as a result of the allocation of production capacity from NSSB to NSPSB, the maximum production capacity of the manufacturing operations of NSPSB increased from 5,628 metric tonnes in FYE 2018 to 7,606 metric tonnes in FYE 2019, the production utilisation rate of the manufacturing operations of NSPSB has decreased from 92.63% in FYE 2018 to 66.96% in FYE 2019 due to the lower production.

For FYE 2019, NSPSB recorded a PAT of RM9.05 million, which represents a decrease of RM0.85 million or 8.61% as compared to the preceding financial year of RM9.91 million. The decrease is mainly in tandem with the lower revenue posted less cost of sales (i.e. mainly purchase of raw materials) incurred and the higher operating expenses of RM1.32 million (FYE 2018: RM1.20 million).

(b) FYE 2019 as compared to FYE 2020

For FYE 2020, NSPSB recorded revenue of RM42.99 million, which represents an increase of RM11.85 million or 38.07% as compared to FYE 2019 of RM31.13 million, mainly contributed by the increase in sales due to the higher demand from customers (i.e. rubber glove makers) as a result of the COVID-19 pandemic.

In line with the increased sales, the maximum production capacity of the manufacturing operations of NSPSB increased from 7,606 metric tonnes in FYE 2019 to 8,953 metric tonnes in FYE 2020. The production of the manufacturing operations of NSPSB elevated from 5,093 metric tonnes in FYE 2019 to 6,780 metric tonnes in FYE 2020, represents an increase of 33.12%. The production utilisation rate of the manufacturing operations of NSPSB has increased from 66.96% in FYE 2019 to 75.73% in FYE 2020 due to the higher production.

For FYE 2020, NSPSB recorded a PAT of RM13.06 million, which represents an increase of RM4.01 million or 44.29% as compared to the preceding financial year of RM9.05 million. The increase is mainly in tandem with the higher revenue posted less cost of sales (i.e. mainly purchase of raw materials) incurred, offset by higher operating expenses of RM1.69 million (FYE 2019: RM1.32 million).

(c) FPE 31 March 2020 as compared to FPE 31 March 2021

For FPE 31 March 2021, NSPSB recorded revenue of RM11.83 million, which represents an increase of RM3.15 million or 36.36% as compared to FPE 31 March 2020 of RM8.67 million, mainly due to higher demand from customers (i.e. rubber glove makers) as the COVID-19 pandemic continues to spread around the world and therefore increases the demand of rubber gloves. For FPE 31 March 2021, NSPSB recorded a PAT of RM3.59 million, which represents an increase of RM0.22 million or 6.54% as compared to FPE 31 March 2020 of RM3.37 million. The increase is mainly in tandem with the higher revenue recorded by NSPSB, offset by higher operating expenses.

6. ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of NSPSB for the FYE 2018 to FYE 2020, there are no accounting policies adopted by NSPSB which are peculiar due to the nature of the business or industry in which NSPSB is involved in. The financial statements of NSPSB were not subject to audit qualification for the years under review. Please refer to Appendix V of this Circular for the summary of significant accounting policies adopted by NSPSB.

7. 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 NSPSB during the past 2 years immediately preceding the date of this Circular:

On 27 April 2021, NSPSB entered into sale and purchase agreements with Mar Hung Than for the disposal of a factory knowns as Lot No. B-3, Taming Industrial Park II bearing postal address of No. 1, Jalan Perindustrian BJ2T 1/1, Kawasan Perindustrian Balakong Jaya 2 Tambahan, 43300 Seri Kembangan, Selangor measuring approximately 35,338 square feet (land area) and 16,066 (built-up area) erected on the land held under individual title H.S.(M) 28657, PT80080, Pekan Kajang, Daerah Hulu Langat, Negeri Selangor for consideration of RM6.80 million, which was completed on 16 June 2021.

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, NSPSB 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 NSPSB and our Board is not aware of any proceedings, pending or threatened against NSPSB, 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 NSPSB.

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 NSPSB.

10. CONTINGENT LIABILITIES

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

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1. CORPORATE INFORMATION, HISTORY AND BUSINESS OF NSSB

NSSB was incorporated in Malaysia on 14 December 2010 under the Companies Act 1965 and has changed to its current name on 1 November 2011. NSSB commenced its operation on 12 October 2011 and is principally involved in the manufacturing of chemical derivatives, coating and related products. NSSB is also involved in the research and development of specialty chemical products.

NSPSB and NSSB have developed synergies between themselves whereby NSSB is the division to produce new products with the objective of ascertaining the viability of the new products before they are being sold in the market on a large scale. These new products are sold at a lower profit margin as they are generally launched at a lower price to attract potential customers. After a series of market tests by NSSB and once the new products are proven viable, it will be manufactured by NSPSB on a large scale. The pricing for the new products will then be revised upwards to reflect a higher profit margin.

1.1. Principal revenue segments

NSSB is principally involved in the manufacturing of chemical derivatives, coating and related products which contributed 100% to NSSB's total revenue for FYE 2018 to FYE 2020 and FPE 31 March 2021. The customers of NSSB are mainly from the rubber industry which includes rubber glove makers.

1.2. Principal products' markets

The principal products' markets of NSSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 are set out as follows:

	FYE						FPE 31 March	
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	8,962	64.07	2,856	44.20	587	16.66	6	1.06
Foreign	5,026	35.93	3,606	55.80	2,937	83.34	557	98.94
Total	**13,988**	**100.00**	**6,462**	**100.00**	**3,524**	**100.00**	**563**	**100.00**

1.3. Key sources of raw materials and supplies

The key sources of raw materials and supplies of NSPSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 as set out below:

	FYE						FPE 31 March	
	2018		2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	7,629	100.00	26	1.13	2,077	100.00	321	100.00
Foreign	-	-	2,266	98.87	-	-	-	-
Total	**7,629**	**100.00**	**2,292**	**100.00**	**2,077**	**100.00**	**321**	**100.00**

1.4 Production capacity

(a) Details of plant

Location of the plant[(1)]	Main types of activities carried out	Size
No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2, 43300 Balakong Jaya, Selangor	Manufacturing of chemical derivatives, coating and related products	Land area: 14,037 square feet Built-up area: 12,667 square feet
No. 1, Jalan Perindustrian BJ2T 1/1, Kawasan Perindustrian Balakong Jaya 2 Tambahan, 43300 Seri Kembangan, Selangor	Manufacturing of chemical derivatives, coating and related products	Land area: 35,338 square feet Built-up area: 16,066 square feet

Note:

(1) NSSB is consented by NSPSB to carry out manufacturing activities in the manufacturing plants rented by NSPSB in view of common shareholders of NSPSB and NSSB. No rental expenses were charged by NSPSB to NSSB for the use of manufacturing plants.

(b) Annual production capacity and output

Capacity per annum[(1)]	FYE			FPE 31 March
	2018	2019	2020	2021
Maximum production (metric ton)	4,608	2,630	1,283	190
Actual production (metric ton)	4,268	1,761	972	162
Production utilisation (%)	92.62	66.96	75.76	85.26

Note:

(1) Maximum production capacity and utilisation rate are calculated on the of 1 work shift per day x 2 batches x 52 weeks x 5.5 days

1.4. Assets owned

As at LPD, the assets owned by NSSB are, amongst others, machinery and equipment for its manufacturing operations.

1.6 Research and development

The number of persons employed and expenses incurred related to the staff cost in research and development of NSSB for the FYE 2018 to FYE 2020 and FPE 31 March 2021 are set out as below:

Research and development	FYE			FPE 31 March
	2018	2019	2020	2021
Number of employee(s)	4	3	-	-
Staff related expenses (RM)	477,927	176,637	-	-

2. SHARE CAPITAL

As at LPD, the issued share capital of NSSB is RM250,000 comprising 250,000 NSSB Shares.

3. SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND DIRECTOR'S SHAREHOLDINGS

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

			Direct		Indirect	
Name	Designation	Nationality	No. of Shares	%	No. of Shares	%
Marcus Mar Hung Than	Director and Shareholder	Malaysian	137,500	55.00	-	-
Chieng Diing Yaw	Director and Shareholder	Malaysian	112,500	45.00	-	-

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

NSSB does not have any other subsidiaries or associated companies.

5. SUMMARY OF HISTORICAL FINANCIAL RESULTS OF NSSB

A summary of the financial information of NSSB for the past 3 audited financial years up to the FYE 2020 and FPE 31 March 2021 are set out below:-

	FYE			FPE 31 March	
	2018	**2019**	**2020**	**2020**	**2021**
	RM	**RM**	**RM**	**RM**	**RM**
Revenue	13,988,497	6,462,493	3,523,497	977,131	563,002
Gross Profit	5,073,036	1,575,456	1,068,885	262,701	102,644
PBT	2,997,448	325,186	560,573	121,938	26,742
PAT	2,275,742	236,260	455,913	121,938	3,723
Share capital	250,000	250,000	250,000	250,000	250,000
Shareholders' funds/NA	7,935,428	8,171,688	4,627,601	4,293,627	4,651,639
No. of shares	250,000	250,000	250,000	250,000	250,000
NA per share	31.74	32.69	18.51	17.17	18.61
EPS	9.10	0.95	1.82	0.49	0.01
Total borrowings	-	-	-	-	-
Gearing (times)	-	-	-	-	-
Current ratio	4.29	3.88	19.28	11.34	28.08

The above financial statements of NSSB have been prepared in accordance with the MPERS. Upon completion of the Proposed Acquisitions, NSSB 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 NSSB.

Commentary on past performance of NSSB

(a) FYE 2018 as compared to FYE 2019

For FYE 2019, NSSB recorded revenue of RM6.46 million, which represents a decrease of RM7.53 million or 53.80% as compared to FYE 2018 of RM13.99 million, mainly due to deteriorate sales order from several major customers.

As a result, the production of the manufacturing operations of NSSB declined from 4,268 metric tonnes in FYE 2018 to 1,761 metric tonnes in FYE 2019, which represents a decrease of 58.74%. In view of the lower sales in FYE 2019, the management of NSSB decided to reduce the maximum production capacity of the manufacturing operations of NSSB by allocating the unutilised production capacity to NSPSB. As a result, the maximum production capacity reduced from 4,608 metric tonnes in FYE 2018 to 2,630 metric tonnes in FYE 2019. Despite the lower maximum production capacity, the production utilisation rate of the manufacturing operations of NSSB has decreased from 92.62% in FYE 2018 to 66.96% in FYE 2019 due to the lower production.

Notwithstanding the production of NSSB in FYE 2018 was 4,268 metric tonnes, the products sold by NSSB were at lower price as compared to the products sold by NSPSB and therefore the revenue generated by NSSB in FYE 2018 was RM13.99 million as compared to the revenue generated by NSPSB in FYE 2018 of RM35.69 million despite the similar production output (FYE 2018: 4,268 metric tonnes; FYE 2019: 5,628 metric tonnes).

For FYE 2019, NSSB recorded a PAT of RM0.24 million, which represents a decrease of RM2.04 million or 89.62% as compared to the preceding financial year of RM2.28 million. The decrease is mainly in tandem with the lower revenue recorded.

(b) FYE 2019 as compared to FYE 2020

For FYE 2020, NSSB recorded revenue of RM3.52 million, which represents a decrease of RM2.94 million or 45.48% as compared to FYE 2019 of RM6.46 million, mainly due to further decrease in sales order from several customers.

Due to the lower sales, the management of NSSB further reduced the maximum production capacity of the manufacturing operations of NSSB from 2,630 metric tonnes in FYE 2019 to 1,283 metric tonnes in FYE 2020 and the production of the manufacturing operations of NSSB decreased from 1,761 metric tonnes in FYE 2019 to 972 metric tonnes in FYE 2020, which represents a decrease of 44.80%. The production utilisation rate of the manufacturing operations of NSSB has increased from 66.96% in FYE 2019 to 75.76% in FYE 2020 following the decision of management of NSSB to reduce the maximum production capacity.

For FYE 2020, NSSB recorded a PAT of RM0.46 million, which represents an increase of RM0.22 million or 92.97% as compared to the preceding financial year of RM0.24 million. The increase is mainly due to better cost control in the raw material cost and operating expenses.

(c) FPE 31 March 2020 as compared to FPE 31 March 2021

For FPE 31 March 2021, NSSB recorded revenue of RM0.56 million, which represents a decrease of RM0.41 million or 42.38% as compared to FPE 31 March 2020 of RM0.98 million, mainly due to the transition of several customers from NSSB to NSPSB. For FPE 31 March 2021, NSSB recorded a PAT of RM3,723, which represents a decrease of RM0.12 million or 96.95% as compared to FPE 31 March 2020 of RM0.12 million. The decrease is mainly in tandem with the decreased revenue recorded by NSSB.

6. ACCOUNTING POLICIES AND AUDIT QUALIFICATIONS

Based on the audited financial statements of NSSB for the FYE 2018 to FYE 2020, there are no accounting policies adopted by NSSB which are peculiar due to the nature of the business or industry in which NSSB is involved in. The financial statements of NSSB were not subject to audit qualification for the years under review. Please refer to Appendix VI of this Circular for the summary of significant accounting policies adopted by NSSB.

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 NSSB during the past 2 years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, NSSB 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 NSSB and our Board is not aware of any proceedings, pending or threatened against NSSB, 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 NSSB.

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 NSSB.

10. CONTINGENT LIABILITIES

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

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Company No.: 200501001342 (678387-A)

NOBEL SYNTHETIC POLYMER SDN. BHD.
(200501001342) (678387-A)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2020

Company No.: 200501001342 (678387-A)

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

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NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITY

The Company is principally engaged in the manufacturing of chemical derivatives, coating and related products. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	13,064,325

DIVIDEND

The dividends paid by the Company since the end of the previous financial year were as follows :-

a) First dividend of RM20.00 per share amounting to RM10,000,000 in respect of the current financial year was paid on 6 January 2020;

b) Second dividend of RM8.00 per share amounting to RM4,000,000 in respect of the current financial year was paid on 28 February 2020;

c) Third dividend of RM2.00 per share amounting to RM1,000,000 in respect of the current financial year was paid on 9 July 2020; and

d) Forth dividend of RM6.00 per share amounting to RM3,000,000 in respect of the current financial year was paid on 30 December 2020.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are :-

Marcus Mar Hung Than
Chieng Diing Yaw

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, the directors holding office at the end of the financial year who held shares in the Company during the financial year were as follows :-

	Number of Ordinary Shares			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Marcus Mar Hung Than	275,000	-	-	275,000
Chieng Diing Yaw	225,000	-	-	225,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefits (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions :-

(a) Sale of goods of RM2,039,995 to a company in which the directors of the Company are also directors and have substantial financial interests;

(b) Purchase of goods of RM546,523 from a company in which the directors of the Company are also directors and have substantial financial interest; and

(c) Rental of premises of RM104,000 paid to a company in which a director of the Company is also a director and has substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 16 to the financial statements.

INDEMNITY AND INSURANCE COSTS

No indemnity has been given to or insurance effected for any director, officer or auditor of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Company were prepared, 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 have satisfied themselves that there were no known bad debts to be written off and no provision needs to be made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The directors are not aware of any circumstances :-

(i) which would necessitate the writing off of bad debts or the making of the provision for doubtful debts in the financial statements of the Company; or

(ii) which would render the value attributed to the current assets in the financial statements of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) In the opinion of the directors :-

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(ii) 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 as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities which have arisen since the end of the financial year.

(g) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company misleading.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 16 to the financial statements.

SUBSEQUENT EVENT

Subsequent to the financial year ended 31 December 2020, the Company entered into a sale and purchase agreement with a director of the Company to dispose the freehold land and building for a total consideration of RM6,800,000.

AUDITORS

The auditors, Messrs. OK Yau & HowYong PLT, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors.

....

Marcus Mac Hung Than
Director

....

Chieng Ding Yaw
Director

Kuala Lumpur
31 March 2021

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 9 to 30 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 at 31 December 2020 and financial performance and cash flows of the Company for the financial year then ended.

Signed in accordance with a resolution of the directors.

....
Marcus Mar Hung Than
Director

....
Chieng Diing Yaw
Director

Kuala Lumpur
31 March 2021

STATUTORY DECLARATION

I, Marcus Mar Hung Than, being the director primarily responsible for the financial management of Nobel Synthetic Polymer Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 30 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 at Seri Kembangan, Selangor this 31 March 2021)

....
Marcus Mar Hung Than

Before me.

PESURUHJAYA SUMPAH
No: B 524
KHOR YUN LING
01.01.2021-31.12.2023
MALAYSIA

No: 15-3-4, Tingkat 2
Jalan SP 2/1
Taman Serdang Perdana
43300 Seri Kembangan
Selangor Darul Ehsan

OK YAU & HOWYONG
CHARTERED ACCOUNTANTS
OK Yau & HowYong PLT (201706002711) (LLP0012837-LCA) (AF 001922)
38D-2, Jalan Radin Anum, Bandar Baru Seri Petaling,
57000 Kuala Lumpur.
Tel: (603) 9059 1355 (Hunting Line) Fax: (603) 9056 1355
Email: info@okyauhowyong.com Website: www.okyauhowyong.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NOBEL SYNTHETIC POLYMER SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nobel Synthetic Polymer Sdn. Bhd., which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 30.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Company does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the directors' report and, in doing so, consider whether the directors' report 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 on the work we have performed, we conclude that there is a material misstatement of the directors' report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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.

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements 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.

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.

OK Yau & HowYong PLT
(201706002711) (LLP0012837-LCA) (AF 001922)
Chartered Accountants

Tan Ooi Koon
02093 / 10 / 2022 J
Chartered Accountant
Partner

Kuala Lumpur
31 March 2021

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	6,482,705	6,619,554
CURRENT ASSETS			
Inventories	7	4,004,995	6,385,974
Trade and other receivables	8	13,690,841	11,509,911
Cash and cash equivalents	9	10,920,339	14,405,875
		28,616,175	32,301,760
TOTAL ASSETS		35,098,880	38,921,314
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	500,000	500,000
Retained profits		30,040,172	34,975,847
TOTAL EQUITY		30,540,172	35,475,847
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	-	5,067
CURRENT LIABILITIES			
Trade and other payables	12	2,464,067	2,770,246
Borrowing	13	-	56,154
Current tax liabilities		2,094,641	614,000
		4,558,708	3,440,400
TOTAL LIABILITIES		4,558,708	3,445,467
TOTAL EQUITY AND LIABILITIES		35,098,880	38,921,314

The attached notes form an integral part of the financial statements

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
Revenue	14	42,985,171	31,132,067
Cost of sales		(24,625,265)	(18,441,409)
Gross profit		18,359,906	12,690,658
Other income		131,839	326,917
Selling and distribution costs		(765,320)	(723,860)
Administrative expenses		(914,409)	(591,261)
Finance costs	15	(10,468)	(9,632)
Profit before tax	16	16,801,548	11,692,822
Tax expense	17	(3,737,223)	(2,638,323)
Profit for the financial year		13,064,325	9,054,499

The attached notes form an integral part of the financial statements

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

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

	Share Capital RM	Retained Profits RM	Total RM
Balance as at 1 January 2019	500,000	31,921,348	32,421,348
Profit for the financial year	-	9,054,499	9,054,499
Dividends (Note 18)	-	(6,000,000)	(6,000,000)
Balance as at 31 December 2019	500,000	34,975,847	35,475,847
Profit for the financial year	-	13,064,325	13,064,325
Dividends (Note 18)	-	(18,000,000)	(18,000,000)
Balance as at 31 December 2020	500,000	30,040,172	30,540,172

The attached notes form an integral part of the financial statements

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,801,548	11,692,822
Adjustments for :-			
Depreciation of property, plant and equipment		151,329	187,289
Interest expense		10,468	832
Interest income		(7,867)	(56,429)
Unrealised (gain)/loss on foreign exchange		(11,249)	61,589
Operating profit before working capital changes		16,944,229	11,886,103
Decrease in inventories		2,380,979	2,987,019
Increase in trade and other receivables		(2,180,930)	(1,637,877)
Increase in trade and other payables		273,657	595,504
Cash from operations		17,417,935	13,830,749
Tax paid		(2,685,769)	(2,200,000)
Tax refunded		344,284	90,993
Net cash from operating activities		15,076,450	11,721,742
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,867	56,429
Purchase of property, plant and equipment		(14,480)	(14,500)
Net cash (used in)/from investing activities		(6,613)	41,929
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(18,000,000)	(6,000,000)
Interest paid		(10,468)	(832)
Repayments to directors		(500,000)	-
Net cash used in financing activities		(18,510,468)	(6,000,832)

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,440,631)	5,762,839
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		11,249	(61,589)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		14,349,721	8,648,471
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	9	10,920,339	14,349,721

The attached notes form an integral part of the financial statements

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. GENERAL INFORMATION

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

The registered office of the Company is located at 38D-2A, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.

The principal place of business of the Company is located at No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2, 43300 Balakong Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information is presented in RM.

The financial statements were authorised for issue by the Board of Directors on 31 March 2021.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in the manufacturing of chemical derivatives, coating and related products. There has been no significant change in the nature of this activity during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) and the Companies Act 2016 in Malaysia.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MPERS requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of an item property, plant and equipment are recognised in profit or loss in the period in which the costs are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and each such component is depreciated separately over its useful life.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation and annual rates are as follows :-

Building	2%
Air-conditioners	10%
Computer and accessories	20%
Electrical and fittings	10%
Furniture and fittings	10%
Lab and factory equipment	20%
Machinery and equipment	20%
Motor vehicles	20%
Office equipment	10%
Renovation	20%
Telecommunication equipment	20%

Land and buildings shall be accounted for separately, even when they are acquired together. Freehold land has an unlimited useful life and is not depreciated.

The residual values, useful lives and depreciation method of previous estimates shall be reviewed if there is indication of impairment to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If current expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.3 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of an asset or CGU is higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

Assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversal are recognised as income immediately in profit or loss.

4.4 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of inventories is determined on a weighted average basis and comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of finished goods, the cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

4.5 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

4.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(a) Basic financial instruments

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

The financial instruments shall be measured at the end of each reporting period without any deduction for transaction costs that may incurred on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

(b) Financial liabilities

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, 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.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.7 Impairment of Financial Assets

The Company assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.8 Borrowing Costs

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

4.9 Income Tax

Income tax on the statement of comprehensive income comprises current and deferred taxes.

(a) Current tax

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.

Current tax is measured at the amount the Company expects to pay or recover using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is recognised for all temporary differences, affects neither accounting profit nor taxable profit. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that recognised deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

4.10 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company as follows :-

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of the ownership of the goods have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.11 Foreign Currency Transaction and Translations

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at the rates of exchange ruling on transaction dates. Monetary assets and liabilities in foreign currencies at end of each reporting period are translated into functional currency at the rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.12 Employee Benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as a current liability when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate of the obligation can be made.

(b) Defined contribution plans

The Company make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any amount already paid and as an expense in the period in which the employees render their services.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Changes in Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

5.2 Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the accounting policies of the Company that have the most significant effect on the amounts recognised in the financial statements.

5.3 Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of machinery and equipment

The cost of machinery equipment is depreciation on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these machinery equipment to be within five (5) years, which are common life expectancies applied in the manufacturing of chemical derivative industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

6. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Balance as at 31.12.2020 RM
Cost				
Freehold land	4,538,000	-	-	4,538,000
Building	2,053,330	-	-	2,053,330
Air-conditioners	9,090	-	-	9,090
Computer and accessories	124,353	2,610	-	126,963
Electrical fittings	195,002	-	-	195,002
Furniture and fittings	84,999	-	-	84,999
Lab and factory equipment	1,083,063	-	-	1,083,063
Machinery and equipment	1,739,733	8,360	-	1,748,093
Motor vehicles	203,445	-	-	203,445
Office equipment	110,421	3,510	-	113,931
Renovation	904,430	-	-	904,430
Telecommunication equipment	26,740	-	-	26,740
	11,072,606	14,480	-	11,087,086

	Balance as at 1.1.2020 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.12.2020 RM
Accumulated depreciation				
Freehold land	-	-	-	-
Building	307,999	43,611	-	351,610
Air-conditioners	3,725	909	-	4,634
Computer and accessories	112,672	6,135	-	118,807
Electrical fittings	142,370	14,563	-	156,933
Furniture and fittings	62,884	4,411	-	67,295
Lab and factory equipment	1,077,182	4,208	-	1,081,390
Machinery and equipment	1,655,897	56,462	-	1,712,359
Motor vehicles	189,988	13,454	-	203,442
Office equipment	82,467	6,238	-	88,705
Renovation	794,374	-	-	794,374
Telecommunication equipment	23,494	1,338	-	24,832
	4,453,052	151,329	-	4,604,381

	2020 RM	2019 RM
Carrying amount		
Freehold land	4,538,000	4,538,000
Building	1,701,720	1,745,331
Air-conditioners	4,456	5,365
Computer and accessories	8,156	11,681
Electrical fittings	38,069	52,632
Furniture and fittings	17,704	22,115
Lab and factory equipment	1,673	5,881
Machinery and equipment	35,734	83,836
Motor vehicles	3	13,457
Office equipment	25,226	27,954
Renovation	110,056	110,056
Telecommunication equipment	1,908	3,246
	6,482,705	6,619,554

7. INVENTORIES

	2020 RM	2019 RM
Raw materials	3,696,829	5,790,026
Finished goods	308,166	595,948
	4,004,995	6,385,974

During the financial year, inventories of the Company recognised as cost of sales amounted to RM23,342,714 (2019: RM17,395,735).

8. TRADE AND OTHER RECEIVABLES

	2020 RM	2019 RM
Trade receivables	11,384,039	9,343,955
Other receivables	2,240,722	2,125,705
Deposits and prepayments		
Deposits	48,035	29,585
Prepayments	18,045	10,666
	66,080	40,251
	13,690,841	11,509,911

9. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash and bank balances	10,920,339	12,178,774
Fixed deposits with licensed banks	-	2,227,101
	10,920,339	14,405,875

Cash and cash equivalents include the following items for the purpose of the statement of cash flows :-

	2020 RM	2019 RM
Cash and cash equivalents	10,920,339	14,405,875
Bank overdraft (Note 13)	-	(56,154)
	10,920,339	14,349,721

10. SHARE CAPITAL

	2020 RM	2019 RM
Issued and fully paid :-		
500,000 ordinary shares	500,000	500,000

11. DEFERRED TAX LIABILITIES

The deferred tax assets/ (liabilities) are made up of the following :-

	2020 RM	2019 RM
Balance as at 1 January	5,067	25,751
Recognised in profit or loss (Note 17)	(5,067)	(20,684)
Balance as at 31 December	-	5,067
Presented after appropriate offsetting :-		
Deferred tax assets, net	-	15,538
Deferred tax liabilities, net	-	(10,471)
	-	5,067

The components and movements of deferred tax liabilities and assets during the financial year are as follows :-

Deferred tax liabilities

	Property, plant and equipment RM	Unrealised gain on foreign exchange RM	Total RM
Balance as at 1 January 2020	15,538	-	15,538
Recognised in profit or loss	(15,538)	-	(15,538)
Balance as at 31 December 2020	-	-	-
Balance as at 1 January 2019	24,539	1,212	25,751
Recognised in profit or loss	(9,001)	(1,212)	(10,213)
Balance as at 31 December 2019	15,538	-	15,538

Deferred tax assets

	Unrealised loss on foreign exchange RM
Balance as at 1 January 2020	(10,471)
Recognised in profit or loss	10,471
Balance as at 31 December 2020	-
Balance as at 1 January 2019	-
Recognised in profit or loss	(10,471)
Balance as at 31 December 2019	(10,471)

12. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
Trade payables	2,364,407	1,861,073
Other payables		
Other payables	89,160	343,288
Amount owing to directors	-	500,000
	89,160	843,288
Accruals	10,500	65,886
	2,464,067	2,270,247

Amounts owing to directors were unsecured, interest-free and payable upon demand.

13. BORROWING

	2020 RM	2019 RM
Bank overdraft	-	56,154

The bank overdraft was secured by a legal fixed charge over the freehold land and building of the Company and was jointly and severally guaranteed by all the directors of the Company.

Bank overdraft bears interest at 1.25% (2019: 7.90%) per annum.

14. REVENUE

Revenue represents sale of goods.

15. FINANCE COSTS

	2020 RM	2019 RM
Bank overdraft interest	1,626	832
Letter of credit charges	8,842	8,800
	10,468	9,632

16. PROFIT BEFORE TAX

	2020 RM	2019 RM
This is arrived at after charging/ (crediting) :-		
Auditors' remuneration :-	9,500	9,000
Depreciation of property, plant and equipment	151,329	187,289
Directors' remuneration	182,364	168,770
Rental of equipment	2,214	2,184
Rental of premises	121,400	119,316
Unrealised (gain)/loss on foreign exchange	(11,249)	61,589
Realised loss on foreign exchange	62,158	15,792
Interest income	(7,867)	(56,429)

17. TAX EXPENSE

	2020 RM	2019 RM
Current tax expense		
Malaysian - current year	4,054,805	2,814,000
Overprovision in prior years	(312,515)	(154,993)
	3,742,290	2,659,007
Deferred tax		
Origination and reversal of temporary differences	(5,067)	(18,109)
Overprovision in prior years	-	(1,212)
Reduction in tax rate	-	(1,363)
	(5,067)	(20,684)
	3,737,223	2,638,323

The effective tax rates in 2020 and 2019 are higher than the statutory tax rate due mainly to certain expenses which are not allowable for tax purposes.

During the financial year, the government enacted a change in income tax rate from 17% on the first RM500,000 chargeable income and 24% on the chargeable income in excess of RM500,000 to :-

(i) 17% on the first RM600,000 chargeable income; and
(ii) 24% on the chargeable income in excess of RM600,000.

18. DIVIDENDS

	2020		2019	
	Dividend per share RM	Amount of dividend RM	Dividend per share RM	Amount of dividend RM
First dividend	20	10,000,000	8	4,000,000
Second dividend	8	4,000,000	4	2,000,000
Third dividend	2	1,000,000	-	-
Fourth dividend	6	3,000,000	-	-
	36	18,000,000	12	6,000,000

19. EMPLOYEE BENEFITS

	2020 RM	2019 RM
Wages, salaries and bonuses	1,127,675	752,713
Defined contribution plans	108,934	67,058
Social security contributions	14,480	8,677
Other benefits	15,767	7,785
	1,266,856	836,233

Included in the employee benefits of the Company are directors' remuneration amounting to RM182,364 (2019: RM168,770)

20. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year :-

	2020 RM	2019 RM
Entities controlled by key management personnel		
Sale of goods	2,039,995	437,435
Purchase of goods	546,523	596,524
Rental of premises paid	104,000	96,000

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

	2020 RM	2019 RM
Key management personnel		
Directors		
- employee benefits	182,364	168,770

21. SUBSEQUENT EVENT

Subsequent to the financial year ended 31 December 2020, the Company entered into a sale and purchase agreement with a director of the Company to dispose the freehold land and building for a total consideration of RM6,800,000.

22. FINANCIAL INSTRUMENTS

	2020 RM	2019 RM
Financial assets		
Financial assets measured at cost less impairment		
Trade and other receivables	13,672,796	11,499,245
Cash and cash equivalents	10,920,339	14,405,875
	24,593,135	25,905,120
Financial liabilities		
Financial liabilities measured at amortised costs		
Trade and other payables	2,464,067	2,770,247
Borrowing	-	56,154
	2,464,067	2,826,401

LODGER INFORMATION

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Company No.: 200501001342 (678387-A) FOR MANAGEMENT PURPOSE ONLY

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

DETAILED COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
REVENUE	42,985,171	31,132,067
COST OF SALES		
Opening inventories	595,948	972,655
Cost of production	24,337,483	18,064,702
	24,933,431	19,037,357
Closing inventories	(308,166)	(595,948)
	(24,625,265)	(18,441,409)
GROSS PROFIT	18,359,906	12,690,658
OTHER INCOME		
Compensation received	11,243	95,725
Hiring incentive	2,400	-
Insurance claim	-	4,550
Insurance surplus sharing	-	1,796
Interest income	7,867	56,429
Reimbursement received on transportation	-	13,912
Sale of recycle packaging	43,430	149,267
Sale of scrap	-	5,238
Training fee recovered	2,250	-
Unrealised gain on foreign exchange	11,249	-
Wages subsidy	53,400	-
	131,839	326,917
	18,491,745	13,017,575
EXPENSES		
Selling and distribution costs	765,320	723,860
Administrative expenses	914,409	591,261
Finance costs	10,468	9,632
	(1,690,197)	(1,324,753)
PROFIT BEFORE TAX	16,801,548	11,692,822

Company No.: 200501001342 (678387-A) FOR MANAGEMENT PURPOSE ONLY

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

SCHEDULE OF MANUFACTURING ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
RAW MATERIALS		
Opening inventories	5,790,026	8,400,339
Carriage inwards	40,400	97,050
Freight charges	176,111	112,306
Purchases	20,745,224	14,199,359
	26,751,761	22,809,054
Closing inventories	(3,696,829)	(5,790,026)
	23,054,932	17,019,028
DIRECT LABOUR		
EIS contribution	803	469
EPF contribution	59,120	33,835
Levy expenses	18,495	24,591
Salaries, allowances and bonus	728,882	485,544
SOCSO contribution	10,061	6,105
Staff uniform	3,013	-
	820,374	550,544
PRIME COST	23,875,306	17,569,572
FACTORY OVERHEADS		
Depreciation of property, plant and equipment	60,670	87,154
Electricity and water	60,011	94,988
Rental of factory	104,000	96,000
Rental of hostel	17,400	23,316
Petrol and diesel	5,444	-
Upkeep of factory	41,701	-
Upkeep of hostel	4,085	1,479
Upkeep of lab	23,232	-
Upkeep of machinery	88,906	-
Warehouse handling charges	56,728	192,193
	462,177	495,130
COST OF PRODUCTION	24,337,483	18,064,702

Company No.: 200501001342 (678387-A) FOR MANAGEMENT PURPOSE ONLY

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
SELLING AND DISTRIBUTION COSTS		
Air tickets	-	937
Car allowance - Sales staff	4,800	2,000
Cargo insurance	15,747	14,250
Commission	28,600	23,394
EIS contributions	95	73
Entertainment	1,658	-
EPF contributions	7,953	5,002
Freight inwards (from customer)	35,931	48,861
Freight outwards	206,774	282,117
Petrol	2,527	-
Salaries and allowances	31,200	13,212
SOCSO contributions	829	636
Toll	2,600	-
Transportation charges	424,898	331,787
Travelling and accommodation - Local	992	20
Travelling and accommodation - Overseas	716	1,571
	765,320	723,860
ADMINISTRATIVE EXPENSES		
Accounting fee :-		
- fees	19,100	19,100
- disbursements	1,146	-
Auditors' remuneration :-		
- fees	9,500	9,000
- disbursements	570	540
Bank charges	11,207	10,219
Depreciation of property, plant and equipment	90,659	100,135
Director's remuneration :-		
- salary	162,000	150,000
- EPF contributions	19,440	18,000
- SOCSO contributions	829	691
- EIS contributions	95	79
Donation and gift	-	1,000
EIS contributions (staff)	316	142
EPF contributions (staff)	22,421	10,221
HRDF fund	6,999	2,107

Company No.: 200501001342 (678387-A) FOR MANAGEMENT PURPOSE ONLY

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
Insurance (foreign worker)	2,125	4,666
Insurance (general)	27,656	16,727
Insurance and road tax	4,544	2,535
License fee	4,150	4,050
Medical fee	4,446	4,916
Membership expenses	3,000	3,000
Newspapers and periodicals	193	-
Penalty	89,628	71
Postages and courier charges	1,659	446
Printing and stationery	5,129	2,007
Professional fee	110,064	38,490
Quit rent and assessment	7,149	4,113
Realised loss on foreign exchange	62,158	15,792
Refreshment/welfare	3,427	-
Rental of equipment	2,214	2,184
Salaries, allowances and bonus	176,993	80,563
Secretarial fee and disbursements	5,178	3,821
Security charges	22,350	-
Service tax	-	1,500
SOCSO contributions (staff)	2,761	1,245
Tax fee :-		
- fees :-		
- current year	800	4,400
- underprovision in prior year	-	1,000
- disbursements	288	-
Telephone and fax charges	13,173	10,260
Training	7,340	-
Unrealised loss on foreign exchange	-	61,589
Upkeep of computer	8,027	998
Upkeep of motor vehicle	1,394	3,332
Upkeep of office	3,435	2,322
Upkeep of office equipment	846	-
	914,409	591,261

Company No.: 200501001342 (678387-A) FOR MANAGEMENT PURPOSE ONLY

NOBEL SYNTHETIC POLYMER SDN. BHD. (200501001342) (678387-A)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
FINANCE COSTS		
Bank overdraft interest	1,626	832
Letter of credit charges	8,842	8,800
	10,468	9,632
TOTAL EXPENSES	1,690,197	1,324,753

Company No.: 201001041231 (925159-V)

NOBEL SCIENTIFIC SDN. BHD.
(201001041231) (925159-V)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2020

Company No.: 201001041231 (925159-V)

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

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NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITY

The Company is principally engaged in manufacturing of chemicals derivatives, coating and related products. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	RM
Profit for the financial year	455,913

DIVIDEND

A dividend of RM16 per share, amounting to RM4,000,000, in respect of the current financial year was paid on 28.02.2020.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

OPTIONS

No option has been granted during the financial year to take up unissued shares of the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are :

Marcus Mar Hung Than
Chieng Diing Yaw

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, the directors holding office at the end of the financial year who held shares in the Company during the financial year were as follows :-

	< ------------------ Number of Ordinary Shares			---------------- >
	Balance as at 1.1.2020	**Bought**	**Sold**	**Balance as at 31.12.2020**
Marcus Mar Hung Than	137,500	-	-	137,500
Chieng Diing Yaw	112,500	-	-	112,500

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefits (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions :-

(a) Sale of goods of RM546,523 to a company in which the directors of the Company are also directors and have substantial financial interests;

(b) Purchase of goods of RM2,039,995 from a company in which the directors of the Company are also directors and have substantial financial interests; and

(c) Rental of premises of RM88,000 paid to a company in which a director of the Company is also a director and has substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COSTS

No indemnity has been given to or insurance effected for any director, officer or auditor of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Company were prepared, 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 have satisfied themselves that there were no known bad debts to be written off and no provision needs to be made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The directors are not aware of any circumstances :-

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Company; or

(ii) which would render the value attributed to the current assets in the financial statements of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) In the opinion of the directors :-

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(ii) 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 as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities which have arisen since the end of the financial year.

(g) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company misleading.

AUDITORS' REMUNERATION

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

AUDITORS

The auditors, Messrs. OK Yau & HowYong PLT, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors.

....
Marcus Mar Hung Tuan
Director

....
Chieng Diing Yaw
Director

Kuala Lumpur
31 March 2021

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 9 to 29 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 at 31 December 2020 and financial performance and cash flows of the Company for the financial year then ended.

Signed in accordance with a resolution of the directors.

....
Marcus Mar Hung Than
Director

....
Chieng Ding Yaw
Director

Kuala Lumpur
31 March 2021

STATUTORY DECLARATION

I, Marcus Mar Hung Than, being the director primarily responsible for the financial management of Nobel Scientific Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 29 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 at Seri Kembangan, Selangor this 31 March 2021)

....
Marcus Mar Hung Than

Before me,

PESURUHJAYA SUMPAH
No: B 524
KHOR YUN LING
01.01.2021-31.12.2023
MALAYSIA

No: 15-3-4, Tingkat 2
Jalan SP 2/1
Taman Serdang Perdana
43300 Seri Kembangan
Selangor Darul Ehsan

OK YAU & HOWYONG
CHARTERED ACCOUNTANTS

OK Yau & HowYong PLT (201704002711) (LLP0012837-LCA) (AF 001922)
38D-2, Jalan Radin Anum, Bandar Baru Seri Petaling,
57000 Kuala Lumpur.
Tel: (603) 9059 1355 (Hunting Line) **Fax:** (603) 9056 1355
Email: info@okyauhowyong.com **Website:** www.okyauhowyong.com

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NOBEL SCIENTIFIC SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nobel Scientific Sdn. Bhd. , which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Company does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the directors' report and, in doing so, consider whether the directors' report 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 on the work we have performed, we conclude that there is a material misstatement of the directors' report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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.

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements 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.

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.

OK Yau & HowYong PLT
(201706002711) (LLP0012837-LCA) (AF 001922)
Chartered Accountants

Tan Ooi Koon
02093 / 10 / 2022 J
Chartered Accountant
Partner

Kuala Lumpur
31 March 2021

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	292,251	385,333
Intangible assets	7	1,048,272	924,307
Deferred tax assets	8	-	3,719
		1,340,523	1,313,359
CURRENT ASSETS			
Inventories	9	117,508	141,700
Trade and other receivables	10	513,964	1,962,316
Current tax assets		620,059	325,000
Cash and cash equivalents	11	2,215,372	6,813,108
		3,466,903	9,242,124
TOTAL ASSETS		4,807,426	10,555,483
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	250,000	250,000
Retained profits		4,377,601	7,921,688
TOTAL EQUITY		4,627,601	8,171,688
CURRENT LIABILITIES			
Trade and other payables	13	179,825	2,383,795
TOTAL LIABILITIES		179,825	2,383,795
TOTAL EQUITY AND LIABILITIES		4,807,426	10,555,483

The attached notes form an integral part of the financial statements

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
Revenue	14	3,523,497	6,462,493
Cost of sales		(2,454,612)	(4,887,037)
Gross profit		1,068,885	1,575,456
Other income		68,737	4,577
Selling and distribution costs		(291,194)	(337,479)
Administrative expenses		(285,855)	(917,368)
Profit before tax	15	560,573	325,186
Tax expense	16	(104,660)	(88,926)
Profit for the financial year		455,913	236,260

The attached notes form an integral part of the financial statements

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

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

	Share Capital RM	Retained Profits RM	Total RM
Balance as at 1 January 2019	250,000	7,685,428	7,935,428
Profit for the financial year	-	236,260	236,260
Balance as at 31 December 2019	250,000	7,921,688	8,171,688
Profit for the financial year	-	455,913	455,913
Dividend (Note 17)	-	(4,000,000)	(4,000,000)
Balance as at 31 December 2020	250,000	4,377,601	4,627,601

The attached notes form an integral part of the financial statements

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		560,573	325,186
Adjustments for :-			
Amortisation of intangible assets		112,563	197,303
Depreciation of property, plant and equipment		110,981	96,468
Property, plant and equipment written off		-	1,448
Unrealised (gain)/loss on foreign exchange		(42,293)	117,829
Interest income		(44)	(4,577)
Operating profit before working capital changes		741,780	733,657
Decrease in inventories		24,192	1,458,756
Decrease in trade and other receivables		1,448,352	2,548,103
(Decrease)/increase in trade and other payables		(2,203,970)	479,270
Cash from operations		10,354	5,219,786
Tax paid		(396,000)	(545,758)
Net cash (used in)/from operating activities		(385,646)	4,674,028
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		44	4,577
Purchase of intangible assets		(236,528)	(126,775)
Purchase of property, plant and equipment		(17,899)	(67,334)
Net cash used in investing activities		(254,383)	(189,532)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(4,000,000)	-

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 RM	2019 RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,640,029)	4,484,496
EFFECTS OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENTS		42,293	(117,829)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		6,813,108	2,446,441
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	11	2,215,372	6,813,108

The attached notes form an integral part of the financial statements

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. GENERAL INFORMATION

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

The registered office of the Company is located at 38D-2A, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.

The principal place of business of the Company is located at No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2, 43300 Balakong Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information is presented in RM.

The financial statements were authorised for issue by the Board of Directors on 31 March 2021.

2. PRINCIPAL ACTIVITY

The Company is principally engaged in manufacturing of chemicals derivatives, coating and related products. There has been no significant change in the nature of this activity during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) and the Companies Act 2016 in Malaysia.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MPERS requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of an item property, plant and equipment are recognised in profit or loss in the period in which the costs are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and each such component is depreciated separately over its useful life.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation annual rates are as follows :-

Computer and accessories	20%
Electrical and fittings	20%
Furniture and fittings	10%
Hostel equipment	10%
Lab and factory equipment	20%
Machinery and equipment	20%
Motor vehicle	20%
Office equipment	10%
Telecommunication equipment	20%

The residual values, useful lives and depreciation method of previous estimates shall be reviewed if there is indication of impairment to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If current expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.3 Intangible Assets

Intangible assets are recognised only when the identifiability and future economic benefit probability criteria are met.

Intangible assets have finite useful lives and are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intangible asset over its estimated useful lives. The estimated useful life are as follows :-

Software	20%
Patent	Over 16 to 20 years

Patent in-progress is not amortised as it is still in-progress as of 31 December 2020.

If any such indication exists, the previous estimates are reviewed and the change in the residual value, amortisation method or useful life are accounted for as a change in accounting estimate in accordance with *Section 10 Accounting Policies, Estimates and Errors* of the MPERS.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is recognised in profit or loss when the asset is derecognised.

4.4 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of an asset or CGU is higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

Assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversal are recognised as income immediately in profit or loss.

4.5 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of raw materials is determined on a weighted average basis and comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of finished goods, the cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

4.6 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

4.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(a) Basic financial instruments

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

The financial instruments shall be measured at the end of each reporting period without any deduction for transaction costs that may incurred on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

(b) Financial liabilities

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, 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.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.8 Impairment of Financial Assets

The Company assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.9 Income Tax

Income tax on the statement of comprehensive income comprises current and deferred taxes.

(a) Current tax

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.

Current tax is measured at the amount the Company expects to pay or recover using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is recognised for all temporary differences, affects neither accounting profit nor taxable profit. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that recognised deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

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

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

4.10 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company as follows :-

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of the ownership of the goods have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

4.11 Foreign Currency Transaction and Translations

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at the rates of exchange ruling on transaction dates. Monetary assets and liabilities in foreign currencies at end of each reporting period are translated into functional currency at the rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.12 Employee Benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as a current liability when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate of the obligation can be made.

(b) Defined contribution plans

The Company make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any amount already paid and as an expense in the period in which the employees render their services.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Changes in Estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

5.2 Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the accounting policies of the company that have the most significant effect on the amounts recognised in the financial statements.

5.3 Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of machinery and equipment

The cost of machinery equipment is depreciation on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these machinery equipment to be within five (5) years, which are common life expectancies applied in the manufacturing of chemical derivative industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

(b) Impairment of receivables

The Company makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

6. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Balance as at 31.12.2020 RM
Cost				
Computer and accessories	28,373	-	-	28,373
Electrical and fittings	-	13,310	-	13,310
Furniture and fittings	2,375	-	-	2,375
Hostel equipment	6,103	-	-	6,103
Lab and factory equipment	209,261	4,589	-	213,850
Machinery and equipment	244,539	-	-	244,539
Motor vehicle	35,943	-	-	35,943
Office equipment	17,141	-	-	17,141
Telecommunication equipment	7,568	-	-	7,568
	551,303	17,899	-	569,202

	Balance as at 1.1.2020 RM	Charge for the financial year RM	Disposals RM	Balance as at 31.12.2020 RM
Accumulated depreciation				
Computer and accessories	11,149	5,675	-	16,824
Electrical and fittings	-	2,440	-	2,440
Furniture and fittings	282	238	-	520
Hostel equipment	884	610	-	1,494
Lab and factory equipment	66,472	42,694	-	109,166
Machinery and equipment	65,843	48,908	-	114,751
Motor vehicle	16,174	7,188	-	23,362
Office equipment	3,337	1,714	-	5,051
Telecommunication equipment	1,829	1,514	-	3,343
	165,970	110,981	-	276,951

	2020 RM	2019 RM
Carrying amount		
Computer and accessories	11,549	17,224
Electrical and fittings	10,870	-
Furniture and fittings	1,855	2,093
Hostel equipment	4,609	5,219
Lab and factory equipment	104,684	142,789
Machinery and equipment	129,788	178,696
Motor vehicle	12,581	19,769
Office equipment	12,090	13,804
Telecommunication equipment	4,225	5,739
	292,251	385,333

7. INTANGIBLE ASSETS

	Balance as at 1.1.2020 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount				
Software	10,069	-	(2,602)	7,467
Patent	563,041	193,513	(109,961)	646,593
Patent-in-progress	351,197	43,015	-	394,212
	924,307	236,528	(112,563)	1,048,272

	Cost RM	Accumulated amortisation RM	Carrying amount RM
Software	13,012	(5,545)	7,467
Patent	951,254	(304,661)	646,593
Patent-in-progress	394,212	-	394,212
	1,358,478	(310,206)	1,048,272

8. DEFERRED TAX ASSETS

The deferred tax assets are made up of the following :-

	2020 RM	2019 RM
Balance as at 1 January	3,719	(38,113)
Recognised in profit or loss (Note 17)	(3,719)	41,832
Balance as at 31 December	-	3,719
Presented after appropriate offsetting :-		
Deferred tax assets, net	-	20,031
Deferred tax liabilities, net	-	(16,312)
	-	3,719

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows :-

Deferred tax assets

	Unrealised loss on foreign exchange RM
Balance as at 1 January 2020	20,031
Recognised in profit or loss	(20,031)
Balance as at 31 December 2020	-
Balance as at 1 January 2019	-
Recognised in profit or loss	20,031
Balance as at 31 December 2019	20,031

Deferred tax liabilities

	Property, plant and equipment RM	Unrealised gain on foreign exchange RM	Total RM
Balance as at 1 January 2020	(16,312)	-	(16,312)
Recognised in profit or loss	16,312	-	16,312
Balance as at 31 December 2020	-	-	-
Balance as at 1 January 2019	(26,055)	(12,058)	(38,113)
Recognised in profit or loss	9,743	12,058	21,801
Balance as at 31 December 2019	(16,312)	-	(16,312)

9. INVENTORIES

	2020 RM	2019 RM
Raw materials	6,551	97,366
Finished goods	110,957	44,334
	117,508	141,700

During the financial year, inventories of the Company recognised as cost of sales amounted to RM2,127,833 (2019: RM4,053,516).

10. TRADE AND OTHER RECEIVABLES

	2020 RM	2019 RM
Trade receivables	468,896	1,801,489
Other receivables	45,068	146,241
Deposits and prepayments		
Deposits	-	12,500
Prepayments	-	2,086
	-	14,586
	513,964	1,962,316

11. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash and bank balances	2,215,372	6,813,108

12. SHARE CAPITAL

	2020 RM	2019 RM
Issued and fully paid :-		
250,000 ordinary shares	250,000	250,000

13. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
Trade payables	163,407	155,357
Other payables	9,276	2,213,494
Accruals	7,142	14,944
	179,825	2,383,795

14. REVENUE

Revenue represents sale of goods.

15. PROFIT BEFORE TAX

	2020 RM	2019 RM
This is arrived at after charging/ (crediting) :-		
Amortisation of intangible assets	112,563	197,303
Auditors' remuneration	7,000	7,000
Depreciation of property, plant and equipment	110,981	96,468
Directors' remuneration	-	250,997
Property, plant and equipment written off	-	1,448
Realised loss on foreign exchange	318	17,838
Rental of premises	88,000	96,000
Unrealised (gain)/loss on foreign exchange	(42,293)	117,829
Interest income	(44)	(4,577)

16. TAX EXPENSE

	2020 RM	2019 RM
Current tax expense		
Malaysian - current year	118,500	135,000
Overprovision in prior years	(17,559)	(4,242)
	100,941	130,758
Deferred tax		
Origination and reversal of temporary differences	3,719	(30,001)
Overprovision in prior years	-	(10,285)
Reduction in tax rate	-	(1,546)
	3,719	(41,832)
	104,660	88,926

The effective tax rates in 2020 and 2019 are higher than the statutory tax rate due mainly to certain expenses which are not allowable for tax purposes.

During the financial year, the government enacted a change in income tax rate from 17% on the first RM500,000 chargeable income and 24% on the chargeable income in excess of RM500,000 to :-

(i) 17% on the first RM600,000 chargeable income; and
(ii) 24% on the chargeable income in excess of RM600,000.

17. DIVIDEND

	2020		2019	
	Gross dividend per share RM	Amount of dividend RM	Gross dividend per share RM	Amount of dividend RM
Dividend	16	4,000,000	-	-

18. EMPLOYEE BENEFITS

	2020 RM	2019 RM
Wages, salaries and bonuses	156,168	842,078
Defined contribution plans	18,021	112,657
Social security contributions	2,475	9,758
Other benefits	18,586	23,068
	195,250	987,561

Included in the employee benefits of the Company are directors' remuneration amounting to Nil (2019: RM250,997)

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year :-

	2020 RM	2019 RM
Entities controlled by key management personnel		
Sale of goods	546,523	596,524
Purchase of goods	2,039,995	437,425
Rental of premises	88,000	96,000

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

	2020 RM	2019 RM
Key management personnel		
Directors		
- employee benefits	-	250,997

20. FINANCIAL INSTRUMENTS

	2020 RM	2019 RM
Financial assets		
Financial assets measured at cost less impairment		
Trade and other receivables	513,964	1,960,230
Cash and cash equivalents	2,215,372	6,813,108
	2,729,336	8,773,338
Financial liabilities		
Financial liabilities measured at amortised costs		
Trade and other payables	179,825	2,383,795

LODGER INFORMATION

Name : Low Kuan Wei (f)
NRIC No : 720108-06-5136
Address : Multi Task Business Consultants Sdn. Bhd.
[Company No. 199501028602 (357808-M)]
38D-2A, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.
Phone No : 012-6031355
Email : info@mtask.com.my

Company No.: 201001041231 (925159-V) FOR MANAGEMENT PURPOSE ONLY

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

DETAILED COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
REVENUE	3,523,497	6,462,493
COST OF SALES		
Opening inventories	44,334	178,974
Cost of production	2,521,235	4,752,397
	2,565,569	4,931,371
Closing inventories	(110,957)	(44,334)
	(2,454,612)	(4,887,037)
GROSS PROFIT	1,068,885	1,575,456
OTHER INCOME		
Interest income	44	4,577
Unrealised gain on foreign exchange	42,293	-
Wages subsidy	26,400	-
	68,737	4,577
	1,137,622	1,580,033
EXPENSES		
Selling and distribution costs	291,194	337,479
Administrative expenses	285,855	917,368
	(577,049)	(1,254,847)
PROFIT BEFORE TAX	560,573	325,186

Company No.: 201001041231 (925159-V) FOR MANAGEMENT PURPOSE ONLY

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

SCHEDULE OF MANUFACTURING ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
RAW MATERIALS		
Opening inventories	97,366	1,421,482
Purchases	2,103,641	2,594,760
	2,201,007	4,016,242
Closing inventories	(6,551)	(97,366)
	2,194,456	3,918,876
DIRECT LABOUR		
Salaries, allowances and bonus	75,497	335,455
EPF contributions	9,227	39,545
SOCSO contributions	1,299	4,898
EIS contributions	149	560
Wages	13,156	34,275
	99,328	414,733
PRIME COST	2,293,784	4,333,609
FACTORY OVERHEADS		
Depreciation of property, plant and equipment	91,602	79,516
Electricity and water	776	12,574
Petrol, parking and toll charges	857	11,333
Rental of premises	88,000	96,000
Security charges	1,500	18,000
Staff uniform	4,628	6,002
Upkeep of factory	7,897	33,601
Upkeep of factory machinery and equipment	29,282	126,361
Upkeep of office equipment	2,909	35,401
	227,451	418,788
COST OF PRODUCTION	2,521,235	4,752,397

Company No.: 201001041231 (925159-V) FOR MANAGEMENT PURPOSE ONLY

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
SELLING AND DISTRIBUTION COSTS		
Donation and gift	223	188
Employee benefits :-		
- Salaries, allowances and bonus	-	84,571
- EPF contributions	-	11,031
- SOCSO contributions	-	1,090
- EIS contributions	-	125
- Commission	-	3,619
- Staff training	4,919	-
Entertainment	1,009	7,880
Freight and forwarding charges	180,608	93,877
Insurance	3,229	-
Petrol, parking and toll charges	20,832	44,484
Telephone and fax charges	937	3,889
Transportation charges	75,665	70,633
Travelling expenses	3,772	16,092
	291,194	337,479
ADMINISTRATIVE EXPENSES		
Accounting fee	15,900	21,015
Advertisement and promotion	-	1,071
Amortisation of intangible assets	112,563	197,303
Auditors' remuneration :-		
- fee	7,000	7,000
- disbursements	420	-
Bank charges	4,962	4,869
Depreciation of property, plant and equipment	19,379	16,952
Donation and gift	1,584	691
Employee benefits :-		
- Directors' remuneration :-		
- salary	-	210,000
- EPF contributions	-	39,919
- SOCSO contributions	-	967
- EIS contributions	-	111
- Salaries, allowances and bonus	67,515	174,158
- EPF contributions	8,794	22,162
- SOCSO contributions	1,176	2,803
- EIS contributions	134	320

Company No.: 201001041231 (925159-V) FOR MANAGEMENT PURPOSE ONLY

NOBEL SCIENTIFIC SDN. BHD. (201001041231) (925159-V)
(Incorporated in Malaysia)

SCHEDULE OF EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
- Medical fee	1,395	3,130
- Staff refreshments	7,361	12,820
GST expenses	-	174
HRDF contribution	799	8,041
Insurance and road tax	945	924
Legal and professional fee	25,440	-
License fee	1,501	1,500
Newspaper and periodical	306	1,554
Office expenses	2,688	790
Penalty	-	244
Postage and courier	559	3,460
Printing and stationery	1,256	8,432
Property, plant and equipment written off	-	1,448
Realised loss on foreign exchange	318	17,838
Reversal of over taken up of income	-	7,800
Secretarial fee and disbursements	2,216	2,295
Service tax	-	1,890
Stamping fee	-	71
Tax fee and disbursements	150	3,300
Telephone and fax charges	-	5,254
Testing fee	-	800
Unrealised loss on foreign exchange	-	117,829
Upkeep of computer	636	8,768
Upkeep of motor vehicle	201	13
Upkeep of office	340	4,295
Upkeep of office equipment	317	3,860
Web hosting	-	1,497
	285,855	917,368
TOTAL EXPENSES	577,049	1,254,847

NOBEL SYNTHETIC POLYMER SDN. BHD.
Co. Reg. No.: 200501001342 (678387-A)
No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2,
43300 Balakong Jaya, Selangor Darul Ehsan, Malaysia.
Tel : +60-3-8943 2882 Fax : +60-3-8944 1133

Registered Office:
38D-2A, Jalan Radin Anum,
Bandar Baru Seri Petaling,
57000 Kuala Lumpur

Date: 3 September 2021

To: The Shareholders of Hextar Global Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("**Board**") of Nobel Synthetic Polymer Sdn Bhd ("**NSPSB**" or "**Company**"), I wish to report that, after making due enquiries in relation to the Company during the period between 31 December 2020, being the date on which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular:-

(a) the business of the Company has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Company which have adversely affected the trading or the value of the assets of the Company;

(c) the current assets of the Company appear in the books at values which are believed to be realizable in the ordinary course of business;

(d) there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Company;

(e) since the last audited financial statements of the Company, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) save for the total dividend of RM5,153,800 declared and paid to the shareholders of the Company since the last audited financial statements of the Company, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company since the last audited financial statements of the Company.

Yours faithfully,
For and on behalf of the Board
Nobel Synthetic Polymer Sdn Bhd

Marcus Mar Hung Than
Director

Chieng Diing Yaw
Director

NOBEL SCIENTIFIC SDN. BHD.

Co. Reg. No.: 201001041231 (925159-V)

No. 19, Jalan Perindustrian Balakong Jaya 2/3, Taman Perindustrian Balakong Jaya 2,
43300 Balakong Jaya, Selangor Darul Ehsan, Malaysia.
Tel : +60-3-8943 2882 Fax : +60-3-8944 1133

Registered Office:
38D-2A, Jalan Radin Anum,
Bandar Baru Seri Petaling,
57000 Kuala Lumpur

Date: 3 September 2021

To: The Shareholders of Hextar Global Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("**Board**") of Nobel Scientific Sdn Bhd ("**NSSB**" or "**Company**"), I wish to report that, after making due enquiries in relation to the Company during the period between 31 December 2020, being the date on which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Circular:-

(a) the business of the Company has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Company which have adversely affected the trading or the value of the assets of the Company;

(c) the current assets of the Company appear in the books at values which are believed to be realizable in the ordinary course of business;

(d) there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Company;

(e) since the last audited financial statements of the Company, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company since the last audited financial statements of the Company.

Yours faithfully,
For and on behalf of the Board
Nobel Scientific Sdn Bhd

Marcus Mar Hung Than	**Chieng Diing Yaw**
Director	Director

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 Acquisitions, 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 Acquisitions.

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 Proposed Acquisitions, 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.

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
2020		
September	0.450	0.375
October	0.503	0.416
November	0.566	0.428
December	0.625	0.503
2021		
January	0.587	0.509
February	0.813	0.544
March	0.888	0.694
April	1.125	0.781
May	1.138	0.800
June	1.069	0.881
July	1.350	0.910
August	1.390	1.200

(Source: M&A Securities)

The last transacted price of Hextar Shares on 9 July 2021, being the last day on which Hextar Shares were traded, prior to the date of the announcement of the Proposed Acquisitions was RM0.990 per Hextar Share.

The last transacted price of Hextar Shares as at the LPD was RM1.230 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 28 August 2019, CTSB entered into a share sale agreement for disposal of 500,000 ordinary shares in Equity Stream Sdn Bhd ("**ESSB**"), representing 100% equity interest in ESSB to Tan Seio Beng, Cheok Viping and Wetacho (M) Sdn Bhd ("**Wetacho**") for a total cash consideration of RM4,345,000.00, which was completed on 10 December 2019;

(b) On 21 October 2019, Halex Link Sdn Bhd, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with Plato Chemical (M) Sdn Bhd for the disposal of a piece of freehold industrial land measuring approximately 4.50318 hectares together with a single storey detached factory and an annexed double storey office building erected thereon for a total consideration of RM30.00 million, which was completed on 13 July 2020;

(c) On 17 December 2019, CTSB entered into 4 sale and purchase agreements with ESSB for the disposal of 4 parcels of properties known as Lots No. 8-1, 8-2, 8-3 and 8-3A, Eco Sky, Jalan Ipoh Bt 6 ½, Mukim Gombak, 68100 Batu Caves, Kuala Lumpur all held under master title Geran 79573, Lot 81149, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur an aggregate cash consideration of RM6.36 million, which were all completed on 27 November 2020;

(d) On 24 August 2020, Hextar entered into shares sale agreement with Lim Swee Sang and Lian Dazhi for the acquisition of total of 1,155,000 of ordinary shares representing 55% equity interest in Biogas Engineering (Bee) Sdn Bhd for a total cash consideration of RM7.75 million, which was completed on 5 November 2020;

(e) Disposal by AASB of 9 pieces of lands ("**Lands**") to Tan Seio Beng for a total consideration of RM8,381,350.80 by way of dissolution of a trust arrangement between AASB and Tan Seio Beng where Tan Seio Bend held the Lands on trust for AASB vide trust deeds dated 15 November 2013 and 31 May 2014. By a revocation of trust dated 12 October 2020 the trust deeds were revoked and the disposals were completed;

(f) On 8 March 2021, Hextar entered into conditional shares sale agreement for acquisition of 500,000 ordinary shares in AASB, representing 100% equity interest in AASB from Tan Seio Beng and Chan Kwei Ling and acquisition of 1,050,014 ordinary shares in CTSB, representing 100% equity interest in CTSB from Tan Seio Beng, Cheok Viping and Wetacho (M) Sdn Bhd for a total purchase price of RM138.00 million to be fully satisfied by cash, which was completed on 23 July 2021;

(g) On 28 June 2021, AASB entered into a sale and purchase agreement with Tan Seio Beng for the disposal of a 3-storey shop office known as No. 1, Jalan Eco Santuari 8/1C, Eco Santuari, Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor held under HS(D) 43181, PT44961, Mukim Tanjong Duabelas, Daerah Kuala Langat, Negeri Selangor for total consideration of RM3,443,083.66, which is pending completion;

(h) The SSA;

(i) On 21 July 2021, Hextar entered into consortium agreement with Arcadia Acres Sdn Bhd and Ihsan Equity Sdn Bhd to mutually cooperate in establishing a Syariah compliant digital bank; and

(j) On 2 August 2021, Hextar together with Ekopintar (as purchasers) entered into a share sale agreement for acquisition of 10,000,000 ordinary shares in ENRA Kimia, representing 100% equity interest in ENRA Kimia from ENRA Energy for a total purchase price of RM50.00 million to be fully satisfied by cash, which is pending completion.

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, 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:

(a) Constitution of Hextar;

(b) The material contracts referred to in Appendix III and this Appendix;

(c) Audited financial statements of NSPSB for the FYE 2020;

(d) Audited financial statements of NSSB for the FYE 2020;

(e) Unaudited financial statements of NSPSB for the FPE 2020 and FPE 2021;

(f) Unaudited financial statements of NSSB for the FPE 2020 and FPE 2021

(g) Audited consolidated financial statements of Hextar for the FYE 2019 and 2020;

(h) Unaudited quarterly report on consolidated results of Hextar for the FPE 30 June 2021;

(i) Consent letters and declarations referred to in Section 2 above;

(j) Valuation report on the Proposed Acquisitions by Eco Asia; and

(k) 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**) to be conducted on a **fully virtual basis** by way of live streaming and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via TIIH Online websites at https://tiih.online or https://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Thursday**, **23 September 2021 at 3.00 p.m.** or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN NOBEL SYNTHETIC POLYMER SDN BHD ("NSPSB") AND NOBEL SCIENTIFIC SDN BHD ("NSSB") FOR A TOTAL PURCHASE PRICE OF RM105,000,000 ("PURCHASE PRICE") TO BE FULLY SATISFIED BY CASH ("PROPOSED ACQUISITIONS")

"**THAT,** subject to the fulfilment of conditions precedent and the approvals of relevant authorities being obtained, where required, approval is hereby given for the Company to acquire the following:

(A) 100% equity interest in NSPSB, comprising 500,000 ordinary shares in NSPSB, from Marcus Mar Hung Than and Chieng Diing Yaw ("**NSPSB Vendors**"); and

(B) 100% equity interest in NSSB, comprising 250,000 ordinary shares in NSSB, from Marcus Mar Hung Than and Chieng Diing Yaw ("**NSSB Vendors**");

for the Purchase Price to be fully satisfied by cash, subject to the conditions and upon the terms set out in the conditional share sale agreement dated 12 July 2021 entered into between the Company and the NSPSB Vendors and NSSB Vendors in respect of the Proposed Acquisitions;

AND THAT approval be and is hereby given to the Board of Directors of the Company to sign, execute and deliver on behalf of the Company all necessary documents and to do all acts and things as may be required for or in connection with and to give full effect to and complete the Proposed Acquisitions, with full power and discretion to assent to or make any modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or deemed necessary by the Board, and to take all steps and actions as it may deem necessary or expedient in the best interests of the Company to finalise, implement and give full effect to the Proposed Acquisitions."

BY ORDER OF THE BOARD

LIM HOOI MOOI (SSM PC No. 201908000134) (MAICSA No. 0799764)
ONG WAI LENG (SSM PC No. 202008003219) (MAICSA No. 7065544)
PHAN NEE CHIN (SSM PC No. 202008004339) (MIA No. 28178)
Company Secretaries

Kuala Lumpur
8 September 2021

Notes:

(i) As part of the initiative to curb the spread of Coronavirus Disease 2019 ("**COVID-19**"), the EGM will be conducted on a **fully virtual basis** by way of live streaming and online remote voting through the Remote Participation and Voting (**"RPV"**) facilities via TIIH Online websites at https://tiih.online or https://tiih.com.my provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Share Registrar**", or "**Tricor**" or "**TIIH**") in Malaysia.

In view of the COVID-19 pandemic and further to the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, listed issuers are only allowed to conduct fully virtual general meetings during the Phase 1 of the National Recovery Plan. A fully virtual general meeting is conducted online where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting via online.

(ii) 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 14 September 2021** 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.

(iii) Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the EGM via the RPV facilities provided by Tricor via its **TIIH Online websites at** https://tiih.online or https://tiih.com.my.

Please read the Administrative Details for the EGM of the Company for details on the registration process and procedures for RPV to participate remotely at the EGM of the Company.

(iv) 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.

(v) 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.

(vi) 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.

(vii) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

(viii) 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.

(ix) 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 in the Administrative Details for the EGM.

(x) 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 Form of Proxy 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 its 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 form of proxy 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 Form of Proxy via TIIH Online.

(xi) Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

(xii) Last date and time for lodging the Form of Proxy is **Tuesday, 21 September 2021 at 3.00 p.m.**

(xiii) 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 (x)(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 certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(xiv) 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 (x)(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 vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be conducted on a **fully virtual basis** by way of live streaming and online remote voting through the Remote Participation and Voting ("**RPV**") facilities via TIIH Online websites at https://tiih.online or https://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) on **Thursday**, **23 September 2021 at 3.00 p.m.** or any adjournment thereof.

** Please strikethrough the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

Resolution		**FOR**	**AGAINST**
Ordinary Resolution	Proposed Acquisitions		

(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 ___________________, 2021.

____

Signature of shareholder or Common Seal

Notes:

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(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.

Then fold here

Affix
Stamp

The Registrar
HEXTAR GLOBAL BERHAD
Registration No. 199001014551 (206220-U)
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

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