

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

Minutes of the 32nd Annual General Meeting (“32nd AGM”) of Hextar Global Berhad (“the Company”) held virtually from Hextar Global Berhad’s Corporate Office, Level 3, No. 64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor Darul Ehsan, Malaysia as the Broadcast Venue on Monday, 12 June 2023 at 10.00 a.m.

Present : **Directors**
Y.D.H. Dato’ Sri Dr Erwan Bin Dato’ Haji Mohd Tahir
 (“Dato’ Sri Dr. Erwan” or “Chairman”)
Dato’ Ong Soon Ho
Lee Chooi Keng
Yeoh Chin Hoe
Liew Jee Min @ Chong Jee Min
Rayburn Azhar Bin Ali

In Attendance : **Management Team**
Phan Nee Chin (“Chief Financial Officer”)

Representatives from Tricor Corporate Services Sdn Bhd
Candy Ong Wai Leng (“Company Secretary”)
Renee Wong Kah Yeong
Amiera Izzati Binti Ahmad Zulfikri

Representatives from Crowe Malaysia PLT (“External Auditors”)
Michael Ong

Proxies,
Corporate
Representatives
& Shareholders : As per the attendance list

1.0 CHAIRMAN

Dato’ Sri Dr. Erwan presided as Chairman of the meeting.

2.0 WELCOMING ADDRESS

The Chairman thanked and welcomed the shareholders, proxies, and authorised representatives for participating remotely from various locations through live streaming to the 32nd AGM.

The Chairman then proceeded to introduce the members of the Board, the Chief Financial Officer and the Company Secretary who were physically present at the broadcast venue while the External Auditors attended the meeting via video conferencing.

3.0 QUORUM

The Chairman confirmed that the requisite quorum was present and called the Meeting to order.

The Chairman informed that pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements, all resolutions set out in the notice of the AGM would be voted by poll, which was conducted electronically via the remote participation and voting ("RPV") facility provided by Tricor Investor & Issuing House Services Sdn Bhd, and would be verified by Asia Securities Sdn Berhad, who had been appointed as the independent scrutineers.

Shareholders were informed that the voting on the resolutions could be done any time throughout the meeting until the closure of the voting session.

Tricor Investor & Issuing House Sdn Bhd was invited to explain the remote voting procedure to be done through the RPV facility.

4.0 NOTICE

The notice convening the AGM as set out in the Company's 2022 Annual Report was taken as read.

5.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The shareholders were informed that the Audited Financial Statements ("AFS") for the financial year ended 31 December 2022 were tabled pursuant to Section 340(1) of the Companies Act 2016 ("the Act"). The Chairman informed that the AFS had been sent to all the shareholders together with the Company's 2022 Annual Report on 20 April 2023, and it was also available on the Company's website. The AFS were for discussion only and were not required to be put to vote for shareholders' approval.

6.0 ORDINARY RESOLUTION 1 RE-ELECTION OF DATO' SRI DR. ERWAN BIN DATO' HAJI MOHD TAHIR AS A DIRECTOR

The meeting proceeded with the second agenda item on the re-election of Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir, who was retiring in accordance with Clause 127 of the Company's Constitution and had indicated his willingness to be re-elected as a Director of the Company.

7.0 ORDINARY RESOLUTION 2 RE-ELECTION OF DATO' ONG SOON HO AS A DIRECTOR

The next agenda item was the re-election of Dato' Ong Soon Ho, who was retiring in accordance with Clause 127 of the Company's Constitution and had indicated his willingness to be re-elected as a Director of the Company.

8.0 ORDINARY RESOLUTION 3
RE-ELECTION OF RAYBURN AZHAR BIN ALI AS A DIRECTOR

The meeting proceeded with the next item of the agenda, which was the re-election of Rayburn Azhar Bin Ali, who was retiring in accordance with Clause 132 of the Company's Constitution and had indicated his willingness to be re-elected as a Director of the Company.

9.0 ORDINARY RESOLUTION 4
DIRECTOR'S FEES FOR Y.D.H. DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The Chairman proceeded with the next item on the agenda, which was to approve the payment of Director's fees of RM78,000.00 to Y.D.H. Dato' Sri Dr Erwan Bin Haji Mohd Tahir for the financial year ending 31 December 2023.

10.0 ORDINARY RESOLUTION 5
DIRECTOR'S FEES FOR YEOH CHIN HOE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The next item on the agenda was to approve the payment of Director's fees of RM66,000.00 to Yeoh Chin Hoe for the financial year ending 31 December 2023.

11.0 ORDINARY RESOLUTION 6
DIRECTOR'S FEES FOR DATO' ONG SOON HO FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The Chairman proceeded with the next agenda item on the approval of the payment of Director's fees of RM60,000.00 to Dato' Ong Soon Ho for the financial year ending 31 December 2023.

12.0 ORDINARY RESOLUTION 7
DIRECTOR'S FEES FOR LIEW JEE MIN @ CHONG JEE MIN FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The meeting then proceeded with the next item on the agenda pertaining to the payment of Director's fees of RM60,000.00 to Liew Jee Min @ Chong Jee Min for the financial year ending 31 December 2023.

13.0 ORDINARY RESOLUTION 8
ADDITIONAL DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

The AGM continued with the next item on the agenda pertaining to the payment of additional Directors' fees of up to RM60,000.00 for the financial year ending 31 December 2023.

14.0 ORDINARY RESOLUTION 9
DIRECTORS' BENEFITS OF UP TO RM50,000.00 FROM 12 JUNE 2023 UNTIL THE
NEXT ANNUAL GENERAL MEETING OF THE COMPANY

The meeting proceeded with the next item on the agenda pertaining to the payment of Directors' benefits of up to RM50,000.00 from 12 June 2023 until the next Annual General Meeting of the Company in 2024.

15.0 ORDINARY RESOLUTION 10
RE-APPOINTMENT OF AUDITORS AND TO AUTHORISE THE DIRECTORS TO
FIX THEIR REMUNERATION

The AGM moved to the next agenda item on the re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. Messrs. Crowe Malaysia PLT agreed to continue office for the ensuing financial year.

SPECIAL BUSINESS

16.0 SPECIAL RESOLUTION 1
WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES
ACT, 2016

The meeting proceeded to discuss the next item of the agenda pertaining to waiver of pre-emptive rights pursuant to Section 85 of the Companies Act, 2016. The full text of the proposed resolution was set out in the Notice of AGM dated 20 April 2023 and was taken as read.

The Chairman informed that by voting for this resolution, all existing shareholders of the Company were waiving their pre-emptive rights pursuant to Section 85 of the Companies Act, 2016, to be read together with Clause 15 of the Constitution of the Company.

This resolution, if passed, would allow the Directors to issue new shares to any person subject to pass Ordinary Resolution 11 – Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

17.0 ORDINARY RESOLUTION 11
PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES
PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The meeting then continued to the next item of the agenda pertaining to the mandate to be given to the Board to issue and allot new shares pursuant to Sections 75 and 76 of the Companies Act, 2016. The Chairman informed that the full text of the proposed resolution was set out in the Notice of AGM dated 20 April 2023 and was taken as read.

The intent of the resolution was to provide flexibility to the Company to issue new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company, without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The mandate would be valid until the next AGM, unless revoked or varied by resolution passed by the shareholders of the Company in a general meeting.

18.0 ORDINARY RESOLUTION 12
PROPOSED RENEWAL OF AUHTORITY FOR SHARE BUY-BACK

The meeting proceeded to discuss the next agenda item to approve the proposed renewal of authority for share buy-back. The Chairman informed that the details of the share buy-back exercise were stated in the Circular to Shareholders dated 20 April 2023 accompanying the Company's Annual Report for the financial year ended 31 December 2022.

19.0 ORDINARY RESOLUTION 13
PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATES FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING
NATURE ("RRPT")

The Chairman proceeded to the last item on the agenda in relation to the proposed renewal and new shareholders' mandates for RRPT as set out under Section 2.3.3 of the Circular to Shareholders dated 20 April 2023.

The Chairman advised that the details of the RRPT were stated in the Circular to Shareholders dated 20 April 2023 accompanying with the Company's Annual Report for the financial year ended 31 December 2022.

20.0 ANY OTHER BUSINESS

The Chairman informed that there was no notice received to transact any other business at the Company's AGM.

21.0 QUESTION AND ANSWER SESSION

The Chairman, assisted by Rayburn Azhar Bin Ali, responded to all questions received from the Minority Shareholder Watch Group. The questions and answers provided were listed in 'Annexure 1' attached to the Minutes of the AGM.

Madam Lee Chooi Keng then continued to address the questions received from the shareholders via the online query box. The questions raised and responses were listed in the 'Annexure 2' attached to the Minutes of the AGM.

22.0 VOTING

The meeting proceeded to vote on the items of the agenda. Upon completion of the casting votes by the shareholders and proxyholders, the meeting was adjourned to allow the scrutineers to verify the votes casted.

23.0 DECLARATION OF THE POLL RESULTS

The Chairman reconvened the meeting and announced the poll results as follows:

Resolutions	Vote For		Vote Against		Results
	No of Units	%	No of Units	%	
Ordinary Resolution 1	2,741,216,011	99.99995	1,473	0.00005	Carried
Ordinary Resolution 2	2,741,215,951	99.99994	1,533	0.00006	Carried
Ordinary Resolution 3	2,741,216,011	99.99995	1,473	0.00005	Carried
Ordinary Resolution 4	2,741,212,668	99.99982	4,816	0.00018	Carried
Ordinary Resolution 5	2,741,212,668	99.99982	4,816	0.00018	Carried
Ordinary Resolution 6	2,741,212,668	99.99982	4,816	0.00018	Carried
Ordinary Resolution 7	2,741,212,668	99.99982	4,816	0.00018	Carried
Ordinary Resolution 8	2,736,902,652	99.99982	4,912	0.00018	Carried
Ordinary Resolution 9	2,736,902,748	99.99982	4,816	0.00018	Carried
Ordinary Resolution 10	2,741,217,148	99.99999	336	0.00001	Carried
Special Resolution 1	2,740,996,688	99.99195	220,696	0.00805	Carried
Ordinary Resolution 11	2,741,214,695	99.99990	2,689	0.00010	Carried
Ordinary Resolution 12	2,741,215,071	99.99991	2,413	0.00009	Carried
Ordinary Resolution 13	272,432,375	99.99907	2,533	0.00093	Carried

Based on the poll results, the Chairman declared that all matters as tabled under the agenda of the Meeting were carried.

It was **RESOLVED** as follows:

23.1 ORDINARY RESOLUTION 1 RE-ELECTION OF DATO' SRI DR. ERWAN BIN DATO' HAJI MOHD TAHIR AS A DIRECTOR

“THAT Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir, the Director retiring in accordance with Clause 127 of the Company's Constitution and being eligible, be and is hereby re-elected as a Director of the Company.”

23.2 ORDINARY RESOLUTION 2
RE-ELECTION OF DATO' ONG SOON HO AS A DIRECTOR

“**THAT** Dato' Ong Soon Ho, the Director retiring in accordance with Clause 127 of the Company's Constitution and being eligible, be and is hereby re-elected as a Director of the Company.”

23.3 ORDINARY RESOLUTION 3
RE-ELECTION OF RAYBURN AZHAR BIN ALI AS A DIRECTOR

“**THAT** Rayburn Azhar Bin Ali, the Director retiring in accordance with Clause 132 of the Company's Constitution and being eligible, be and is hereby re-elected as a Director of the Company.”

23.4 ORDINARY RESOLUTION 4
DIRECTOR'S FEES FOR Y.D.H. DATO' SRI DR ERWAN BIN DATO' HAJI MOHD TAHIR FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

“**THAT** the payment of Director's fees of RM78,000.00 to Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir for the financial year ending 31 December 2023 be and is hereby approved.”

23.5 ORDINARY RESOLUTION 5
DIRECTOR'S FEES FOR YEOH CHIN HOE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

“**THAT** the payment of Director's fees of RM66,000.00 to Yeoh Chin Hoe for the financial year ending 31 December 2023 be and is hereby approved.”

23.6 ORDINARY RESOLUTION 6
DIRECTOR'S FEES FOR DATO' ONG SOON HO FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

“**THAT** the payment of Director's fees of RM60,000.00 to Dato' Ong Soon Ho for the financial year ending 31 December 2023 be and is hereby approved.”

23.7 ORDINARY RESOLUTION 7
DIRECTOR'S FEES FOR LIEW JEE MIN @ CHONG JEE MIN FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

“**THAT** the payment of Director's fees of RM60,000.00 to Liew Jee Min @ Chong Jee Min for the financial year ending 31 December 2023 be and is hereby approved.”

23.8 ORDINARY RESOLUTION 8
ADDITIONAL DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31
DECEMBER 2023

“**THAT** the payment of additional Directors' fees of up to RM60,000.00 for the financial year ending 31 December 2023 be and is hereby approved.”

23.9 ORDINARY RESOLUTION 9
DIRECTORS' BENEFITS OF UP TO RM50,000.00 FROM 12 JUNE 2023 UNTIL THE
NEXT ANNUAL GENERAL MEETING OF THE COMPANY

“**THAT** the payment of Directors' benefits of up to RM50,000.00 from 12 June 2023 until the next Annual General Meeting of the Company be and is hereby approved.”

23.10 ORDINARY RESOLUTION 10
RE-APPOINTMENT OF CROWE MALAYSIA PLT AS AUDITORS OF THE
COMPANY

“**THAT** Messrs Crowe Malaysia PLT, having indicated their willingness to continue in office, be and are hereby re-appointed as Auditors of the Company for the ensuing year and the Directors be authorised to fix their remuneration.”

23.11 SPECIAL RESOLUTION 1
WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE
COMPANIES ACT, 2016

“**THAT** the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”), read together with Clause 15 of the Company's Constitution.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 11 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act.”

23.12 ORDINARY RESOLUTION 11

**PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES
PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company (“Proposed Mandate”).

THAT such approval on the Proposed Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete, and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed Mandate.”

23.13 ORDINARY RESOLUTION 12
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

“THAT subject always to the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i. the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;

- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

23.14 ORDINARY RESOLUTION 13

PROPOSED RENEWAL AND NEW SHAREHOLDERS' MANDATES FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

"THAT subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3.3 of the Circular to the Shareholders dated 20 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not detrimental to the interest of the minority shareholders;

AND THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;
whichever is the earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

24.0 CLOSURE OF MEETING

After the poll results were released and announced and there being no other business, the Meeting ended at 11.24 a.m. with a vote of thanks to the Chairman.

CONFIRMED AS A CORRECT RECORD

CHAIRMAN

Date:

HEXTAR GLOBAL BERHAD

Registration No. 199001014551 (206220-U)

32nd ANNUAL GENERAL MEETING

MONDAY, 12 JUNE 2023

Minority Shareholders Watch Group

Q & A

Operational and Financial Matters

Question 1,

Hextar Global posted remarkable financial performance in FY2022 with all key financial indicators showing significant improvements. These include revenue (FY2022: +33.2% y-o-y to RM618.4 million), net profit (FY2022: +40.4% y-o-y to RM55.04 million), and gross profit margin (FY2022: +23.9% y-o-y to 28.0%).

- a) Was the revenue growth attributable more to sales volume or price increases? How much was the revision in product selling prices in percentage terms?

Answer

The strong revenue growth in FY2022 was mainly attributed to the full consolidation of the Specialty Chemicals Segment which contributed RM180.5 million to consolidated revenue. This was partly set off by the decline in revenue contribution from the Agriculture Segment by RM32.0 million.

Agrochemical products' selling prices were volatile throughout the year due to economic and political uncertainty with prices rising rapidly in the first half year followed by a subsequent plunge in the second half of the year. The Management, however, has used their best endeavours to manage the inventory levels in a challenging market environment to minimise the impact of margin compression.

Operational and Financial Matters (Cont'd)

Question 1,

- b) Is the stellar financial performance likely to sustain in FY2023 or surpass FY 2022?
What will be the drivers and catalysts for overall business?

Answer

Given the strong fundamental drivers of population growth which will lead to higher demand for agrochemical products, the Agriculture Segment will remain a major contributor to the Group's revenue for FY2023 and we are optimistic that our operating and financial performance in FY2022 will continue in FY2023. We foresee that selling prices of agrochemical products will stabilise in the second half of the year after a long downward trend.

Specialty Chemicals Segment will continue its growth momentum from last year amid the recovering economy from the slowdown triggered by the pandemic.

Operational and Financial Matters (Cont'd)

Question 1,

- c) Hextar Global's gearing ratio stood at 1.01 times as of FY2022, albeit slightly lower than 1.15 times in FY2021. Is the current gearing ratio at an optimal level? Are there any plans to reduce the gearing ratio (page 24 of AR2022)?

Answer

The current gearing ratio has improved to 1.01 times due to stronger cash flow from operating activities. Whilst it is not an optimal level, it is a level we are comfortable managing in a higher interest rate environment.

However, in the event an investment opportunity arises, we will evaluate all aspects of the transaction including the viability of increasing our gearing level.

Operational and Financial Matters (Cont'd)

Question 2,

The new Specialty Chemicals division, which Hextar Global diversified into back in 2021, contributed 36.4% of the Group's revenue. This was primarily driven by sales of polymer coating chemicals used in the rubber industry and chemicals used in the O&G industry, accounting for approximately 38% of Specialty Chemicals revenue.

With that, we have seen that the net profit from the Specialty Chemicals segment has surpassed the Agriculture segment, making it the primary contributor to net earnings in FY2022 (page 24 of AR2022).

- a) The Specialty Chemicals segment commands superior pre-tax profit margin of 23.06% compared to the 10.85% of the Agriculture segment (page 187, Note 38 – Segment Information, AR2022).

Is the good profit margin of Specialty Chemicals sustainable in FY2023 or even in the medium term? What are the entry barriers to the Specialty Chemicals business?

Answer

We are anticipating that the profit margins of the Specialty Chemical segment will be sustainable in FY2023 due to the nature of the business and industry. Our specialty chemicals business involves proprietary formulations and know-how with most of the products being customised to the client's requirements hence allowing us to price the products at a premium. Furthermore, some of the raw materials are highly corrosive and are volatile by nature. Therefore, the handling of these chemicals require high degree of technical skills and expertise.

Operational and Financial Matters (Cont'd)

Question 2,

Does the group foresee the Specialty Chemicals segment to be the main revenue contributor? How does Hextar Global plan to grow the Specialty Chemicals division - whether organically or by M&A?

Answer

The Specialty Chemicals Segment may overtake the Agriculture Segment to be the main revenue contributor to the Group if the agrochemical products pricing continues to decrease in FY2023.

We are now looking to drive growth of the segment by enlarging *our* customer base to diversify our earnings while also executing our acquisition strategy. Our most recent acquisition is an industrial specialty chemicals trading business in May 2023.

Operational and Financial Matters (Cont'd)

Question 2,

b) The Specialty Chemicals segment comprises hygiene, rubber glove and O&G sub-segments. With glove players scaling back their expansion and some shuttering their glove manufacturing plants amid industry-wide oversupply, how will the Specialty Chemicals segment be impacted as the supply of polymer coating chemicals used in the rubber industry was a main driving force of the division's financial performance in FY2022?

Answer

Despite the downturn in the rubber glove market, our Specialty Chemicals segment that is servicing the rubber industry was able to maintain its satisfactory performance in FY2022. This was achieved due to the bold steps taken by the management to explore overseas markets earlier. This lead to strong results from overseas sales which offset the drop in local demand.

Operational and Financial Matters (Cont'd)

Question 2,

c) Meanwhile, will the other subsegments, e.g., hygiene and O&G be sufficient to cushion the potential earnings impact from the rubber glove segment? What are the prospects for the two subsegments?

Answer

FY2022 represents the first full consolidated financial statements for Specialty Chemicals following the acquisition in FY2021.

The hygiene and O&G subsegments have doubled their earnings as compared to FY2021 led by the recovery in tourism and oil and gas sectors.

Following the opening of international borders and lifting of the local movement restrictions, the revenue of specialty hygiene business has already returned to pre-pandemic levels. With the introduction of new product ranges, revenue is forecasted to grow around 20% and net profit growth is projected to surpass 20%.

The year 2022 saw supply shortages of certain chemicals coupled with an increase in demand, resulting in significant increases in prices. We expect to see a continuing rise in demand in 2023 with prices remaining high for the most part. The outlook for its Specialty Chemicals and Catalysts businesses in the Oil & Gas Industry is generally positive.

Operational and Financial Matters (Cont'd)

Question 2,

d) Which subsegment offers a better profit margin to the Group? What is the average profit margin for the three subsegments?

Answer

Specialty chemicals for rubber glove industry offers a better margin among the three subsegments. The average net profit margin for the three subsegments stood at 18.4%.

Operational and Financial Matters (Cont'd)

Question 2,

e) In May 2022, Hextar Global further expanded the foothold of its Specialty Chemicals portfolio to Australia by acquiring Hextar Kimia (Australia) Pty Ltd for RM14.3 million in cash. The Hextar Kimia Group is principally involved in supplying specialty chemicals, catalysts and odorants, and ancillary services for those products to the O&G and petrochemical industries in Malaysia, Australia, and New Zealand.

Please elaborate further on the types of products Hextar Kimia supplies to O&G players, the use of these products in O&G, and the clients of these products.

Answer

Hextar Kimia Group offers a wide range of specialty chemicals, used on the basis of their performance or functions, for petrochemical plants and refineries such as catalysts, oilfield chemicals and related services. The Group acts as an exclusive agent/distributor for renowned multinational principals for the oil & gas market in Malaysia, Brunei, Australia and New Zealand.

Our key clients for these products include Petronas group of companies, Petron, Heng Yuan Refining Company, Shell (Brunei) Refinery and Gas Malaysia.

Operational and Financial Matters (Cont'd)

Question 3,

In FY 2022, revenue from the Agriculture products segment decreased by 8.2% to RM369.5 million due to price erosion from reduced market demand. Despite the lower revenue from overseas markets, the segment's performance was partially offset by a growth momentum in the domestic market (page 23 of AR 2022).

a) How had the average selling prices (ASPs) of herbicides changed y-o-y?

Answer

The ASP of some herbicides dropped y-o-y in the range of 11% to 40%.

Operational and Financial Matters (Cont'd)

Question 3,

b) The Agriculture segment posted lower revenue q-o-q in the first quarter of FY2023 ended on 31 March 2023, as the segment continued to face significant downward trends in the selling price of key herbicides. Meanwhile, demand was affected by the "wait-and-see stance" among customers as they delayed purchases in anticipation of lower selling prices in the future.

Is the market condition for agrochemical products expected to improve in FY2023?

Answer

Market conditions are expected to remain challenging in FY2023. We are expecting agrochemical product prices to stabilise in the second half of the year and hopefully to rebound from there. Nevertheless, we are optimistic about the outlook of the agriculture industry as population expansion would lead to higher demand for food.

Operational and Financial Matters (Cont'd)

Question 3,

Why was there a growth momentum in the domestic market while the overseas market registered a decline in revenue in FY2022?

Answer

Local domestic sales are generally quite stable underpinned by sizable market share. The growth in local revenue was mainly driven by the factors below:

- i. more sizable tenders being awarded; and
- ii. We have a better market share in open market inclusive government sectors or government-linked companies.

There were two factors contributing to the decline in the overseas market in FY2022:

- i. Change of business model of one of the main overseas customers where we now provide tolling processing services instead of producing formulated raw materials; and
- ii. Opportunistic overseas sales orders in FY2021.

Operational and Financial Matters (Cont'd)

Question 4,

The acquisition of Chempro Group, Nobel Group and Tufbond Technologies Sdn Bhd (TTSB) in FY2021 came with profit guarantees of three years.

Please provide the breakdown of the amounts of profit guarantees by entities and whether the actual results are on track to achieve the guaranteed profits or even surpass them.

Answer

The breakdown of profit guarantees (“PG”) and actual performance by entities as below:

	Profit Guarantee	Actual Performance	
		Year 1	Year 2
	RM'000		
Chempro Group	13,000	unachieved	on track
Nobel Group	14,000	achieved	achieved
Tufbond	2,000	unachieved	unachieved

Notes:-

Nobel Group has total PG of RM42 million over 3 years from 1 January 2021 to 31 December 2023. The actual result has surpassed the PG for the first 2 years.

Chempro Group has total PG of RM39 million over 3 years from 1 July 2021 to 30 June 2024. The Group did not achieve the PG for the Year 1. Up to 31 Mar 2023, profit is on track for the period ending 30 Jun 2023.

Tufbond has total PG of RM6 million over 3 years from 1 Apr 2021 to 30 March 2024. The Company did not achieve its PG for the first 2 years.

Operational and Financial Matters (Cont'd)

Question 5,

In FY2021, the Company completed the acquisitions in several entities which are listed below: -

- 100% equity interest in Chempro Group for RM138 million
- 100% equity interests in Nobel Group for RM105 million
- 100% equity interests in TTSB for RM13 million
- 49% equity interests in Hextar Kimia Sdn. Bhd (HKSB) for RM24.5 million

At the acquisition date, the Group had estimated the provisional goodwill of Chempro Group, Nobel Group, TTSB and HKSB at RM50 million, RM62.25 million, RM8 million, and RM12.12 million, respectively.

In FY2022, the Group completed the valuation of purchase price allocation (PPA) and adjustments were made to the provisional goodwill recorded at the date of the acquisition. The effect of the adjustments made upon the completion of PPA during the re-measurement period are set out below:

	Chempro Group RM	Nobel Group RM	TTSB RM	HKSB Group RM
Fair value of consideration transferred	133,894,051	101,851,274	7,284,672	24,500,000
Less: Fair value of net identifiable assets acquired	(88,000,227)	(42,751,262)	(5,007,700)	(29,793,166)
Less: Non-controlling interest	-	-	-	19,198,124
Adjusted goodwill	45,893,824	59,100,012	2,276,972	13,904,958

Source: page 209 of AR2022

Operational and Financial Matters (Cont'd)

Question 5,

a) Please clarify the assumptions in adjusting goodwill for the four acquired entities in FY2021.

Answer

Goodwill represents the difference between the price an acquirer pays to purchase another company and the fair value of the target company's assets. The provisional goodwill recognised in 2021 was adjusted after a purchase price allocation exercise (PPA) being carried out to confirm the fair value of the net assets within 12 months from the acquisition dates in accordance to MFRS 3 *Business Combinations*. The difference was adjusted accordingly to reflect the fair value of the net assets and hence the goodwill is confirmed.

Operational and Financial Matters (Cont'd)

Question 5,

b) Given that the provisional goodwill (at the acquisition dates) for the four entities was higher than the adjusted goodwill (as of 31 December 2022), was the Group required to impair the difference in goodwill? Please explain the accounting treatment of such.

Answer

The difference between provisional goodwill against adjusted goodwill was mostly driven by the fair value of deferred considerations payable depending on profit levels achieved by the acquired companies in the 3-year profit guarantee period. The deferred consideration payable has to be discounted for the time value of money that brings down the total purchase considerations payable to vendors and reduced the goodwill arising from business acquisition accordingly. There is no impairment to the provisional goodwill as the difference in provisional goodwill represents the goodwill adjusted against the initial cost of investment recognised.

Operational and Financial Matters (Cont'd)

Question 5,

c) Does the higher provisional goodwill (stated at the acquisition date) imply that some entities were valued at more than what they were worth when acquired? Please clarify.

Answer

No. We engaged an independent valuer to justify the purchase consideration to ensure that we paid a reasonable and justifiable price. As explained in our reply to 5. (b) above, the subsequent adjustments to the provisional goodwill was resulted from fair value of deferred consideration.

Operational and Financial Matters (Cont'd)

Question 6,

The allowance for impairment losses for trade receivables increased to RM3.48 million as of FY2022 from RM1.746 million as of FY2021 (page 166 of AR 2022).

Has any impaired amount been recovered since the end of FY 2022? What is the probability of recovering the outstanding impaired amount?

Answer

The additional impairment for FY2022 was mainly from the hotel and F&B customers where lockdown rules and social distancing requirements have affected sales for almost two years. Many of these customers have either closed down or changed ownership. Nevertheless, the management continues its effort to monitor the collection closely via negotiation, legal action or combination of both to recover the outstanding amount as much as we can. As of today, we managed to recover RM530k from the impaired amount in the first half of 2023.

Corporate Governance Matters

Question 1,

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, the Company's independent non-executive Chairman is also the Group Executive Chairman of EPE Power Corporation Berhad, Chairman of Cyberlynx International College and a director of Perbadanan Putrajaya, a local authority.

He is also an active member of several Associations and NGOs namely Dewan Perniagaan Melayu Malaysia (DPMM), Persatuan Kontraktor Melayu Malaysia (PKMM), Persatuan Usahawan Tenaga Malaysia (PUTM), Arab Malaysian Chamber of Commerce (AMCC), British Malaysian Chamber of Commerce (BMCC) and The Japanese Chamber of Trade & Industry, Malaysia (JACTIM) (page 8 of AR2022).

As Dato' Sri Dr Erwan also assumes the full-time executive position at EPE Power Corporation, and sits on the Boards of several other companies, and is also active in several associations and NGOs, is he able to effectively discharge his fiduciary duties as Chairman of Hextar Global?

Corporate Governance Matters (Cont'd)

Question 1,

Answer

Whilst Dato' Sri Dr Erwan holds directorships in several companies and is an active member of several associations and NGOs, Dato' Sri Dr Erwan has devoted sufficient time to act as Chairman of Hextar Global Berhad. In this respect, we wish to state that:

- (i) He has been in full attendance at all Board Meetings for the past five years. For the year under review, he attended all six Board meetings.
- (ii) His role as the Company's Independent non-executive Chairman is to lead Board meetings and discussions and act as facilitator at the meetings by ensuring appropriate level of interaction among board members present.
- (iii) He has also devoted his time in discussions among the Non-Executive Directors on strategic, governance and operational issues and to present the summary to the Executive Directors and Management.
- (iv) His role as the Chairman is to provide leadership to ensure the Board performs its duties efficiently and effectively, which does not require his full participation.
- (v) He chairs all general meetings of the Company as Chairman of the meeting.

Based on the above, the Board is of the opinion that Dato' Sri Dr Erwan is able to satisfactorily discharge his fiduciary duties as Chairman of Hextar Global Berhad.

THANK YOU

KEY MATTERS RAISED – 32ND ANNUAL GENERAL MEETING

Q1 : A shareholder asked about the cost spent by the Company for holding a virtual Annual General Meeting (“AGM”). He also requested the Board to provide some e-wallet top-ups to shareholders as a token of appreciation for participation in the virtual AGM.

A1 : *Madam Lee Chooi Keng (“Madam Lee”) replied that the Company had spent approximately RM20,000.00 for holding the virtual AGM.*

The Company did not provide door gifts or food vouchers for the AGM since the meeting was conducted virtually. However, Management would consider the suggestion in the future.

Q2 : A number of shareholders requested for a printed copy of the Company’s Annual Report.

A2 : *Madam Lee replied that the Company noted the requests made for the printed copy of annual report, and the Share Registrar would arrange to send it to the respective shareholders’ residential addresses.*

Q3 : A shareholder highlighted that the Company has embarked on a fresh round of corporate exercises which were expected to be earnings accretive in future although contributions would be lower than the corporate exercises in 2021. He asked whether the Company would continue to acquire companies in the future to enhance profitability.

A3 : *Madam Lee responded that the Company would continue to explore new business opportunities to provide operational efficiencies and accelerate growth to increase the Group’s sustainable income. The Company would make the necessary announcement in due course.*

Q4 : A shareholder highlighted the Company’s lower profitability posted in the first quarter of 2023 due to lower average selling price for key herbicides, and asked whether the Company expected the continuation trend of “wait and see” approach adopted by buyers as well as the earnings outlook for 2023.

The shareholder asked whether there would be any fund raising for 2023 and the size of the said fund raising, as the Company was currently expanding.

A4 : *Madam Lee replied that the question on profitability had been addressed in the responses to MSWG’s questions presented earlier.*

She responded that any fund raising exercise would be considered in the context of any potential acquisition.

- Q5 : A shareholder enquired about the Company's expected sales volume and profit margin for 2023.
- A5 : *Madam Lee apologized for not being able to provide guidance on the Company's forecasted performance at this juncture.*