HEXTAR GLOBAL BERHAD

199001014551 (206220-U)

Annual Report 2021

CONTENTS

GROUP STRUCTURE

HEXTAR GLOBAL BERHAD
199001014551 (206220-U)

- 100% HEXTAR CHEMICALS GROUP SDN. BHD.
  - 100% Hextar Chemicals Sdn. Bhd.
  - 100% Hextar R&D International Sdn. Bhd.
  - 50% Hextar Unitop Sdn. Bhd.
- 100% HALEX (M) SDN. BHD.
  - 100% Halex Realty Sdn. Bhd.
  - 100% Halex Chemicals (S) Pte. Ltd.
  - 100% Halex Biotechnologies Sdn. Bhd.
  - 100% Halex Industries (M) Sdn. Bhd.
  - 100% Halex Marketing Sdn. Bhd.
  - 100% Pengedaran Beras Lestari Sdn. Bhd.
- 100% CHEMPRO TECHNOLOGY (M) SDN. BHD.
  - 99.99% Protek Chemicals & Engineering (B) Sdn. Bhd.
- 100% ALPHA AIM (M) SDN. BHD.
- 100% NOBEL SYNTHETIC POLYMER SDN. BHD.
- 100% NOBEL SCIENTIFIC SDN. BHD.
- 49% HEXTAR KIMIA SDN. BHD. (formerly known as ENRA Kimia Sdn. Bhd.)
  - 100% Hextar Oilfield Chemicals Sdn. Bhd. (formerly known as ENRA Oilfield Chemicals Sdn. Bhd.)
  - 100% Hextar Downstream Services Sdn. Bhd. (formerly known as ENRA Downstream Services Sdn. Bhd.)
  - 100% Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.)
    - 100% International Chemicals Engineering Pty. Ltd.
- 100% TUFBOND TECHNOLOGIES SDN. BHD.
- 100% HALEX WOOLTON (M) SDN. BHD.
- 55% HEXTAR BIOGAS BEE SDN. BHD.
  - 100% Biogas Environmental Engineering Sdn. Bhd.
- 100% HALEX MANAGEMENT SDN. BHD.
- 100% HEXTAR IOT SDN. BHD.
- 100% HEXTAR AGRICULTURE SDN. BHD.
- 100% HALEX LINK SDN. BHD. (In Member's Voluntary Winding Up)

CORPORATE PROFILE

Hextar Global Berhad ("Hextar") was incorporated in Malaysia on 13th October 1990 under the Companies Act 1965 as a private limited company under the name of Halex Holdings Sdn Bhd. Subsequently, on 11th January 2007, the Company converted its status from a private limited company to a public limited company to facilitate our listing on the Main Market of Bursa Malaysia Securities Berhad on 16th September 2009.

Hextar and its subsidiaries ("Hextar Group" or "the Group") started off in 1980 with Halex (M) Sdn Bhd, a trading company importing and distribution of agrochemicals and fertilisers located in Johor Bahru. Currently, the Group's corporate office is located in Klang, Selangor Darul Ehsan, Malaysia.

Over 40 years, the Group has diversified its business operations and currently involved in:-

- agrochemicals
- fertilisers
- specialty chemicals
- research and development
- consumer products
- biogas processing system

By having strong competencies in the agriculture industry supported by our capabilities from research and development to commercialisation and marketing of various products, Hextar is currently the leading crop management solutions provider in Malaysia with strong global presence due to our specialised agrochemical products supply chain. With over 600 products successfully registered domestically and globally, Hextar has now expanded its operations to 30 countries with 500 team members to better serve our customers and suppliers from more than 30 countries across several continents.

In addition, Hextar continues to flourish in consumers products industry domestically and globally. We continue to expand our market presence by exporting to Argentina, Egypt and South Africa. In Malaysia, our products are distributed through established distributors, hypermarkets, supermarkets and dealer network in all major towns.

The Company had, on 14 June 2021, obtained shareholders' approval to undertake 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.

On 23rd July 2021, the Company had completed the acquisition of 100% equity interest in Alpha Aim (M) Sdn Bhd and 100% equity interest in Chempro Technology (M) Sdn Bhd. With the collaboration, the Group will broaden specialty chemicals such as latex polymers, coagulants, detergents, degreasers, chlorine sanitisers and others.

On 23rd July 2021, Hextar had entered into joint offer together with Ekopintar Sdn Bhd ("Ekopintar") for the acquisition of the entire equity interest in Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd) ("Hextar Kimia") together with its three (3) wholly-owned subsidiary companies ("Hextar Kimia Group"). Subsequently, Hextar had, on 2 August 2021, entered into conditional share sale agreement with ENRA Energy Sdn Bhd together with Ekopintar for the acquisition of 49% equity interest in Hextar Kimia and the remaining of 51% equity interest was acquired by Ekopintar. Hextar Kimia Group is principally involved in the supply of specialty chemicals such as catalysts and odorants, as well as ancillary services for those products to the oil and gas ("O&G") and petrochemical industries in Malaysia, Australia and New Zealand. The acquisition was completed on 30th November 2021.

On 18th November 2021, the Company had completed the acquisition of 100% equity interest in Nobel Synthetic Polymer Sdn Bhd and 100% equity interest in Nobel Scientific Sdn Bhd with its in-house research and development capabilities and years of experience in R&D initiatives in practical applications of polymers in the rubber industry, produces proprietary formulations with a focus on rubber and rubber related products.

On 2nd December 2021, the Company had completed the acquisition of 100% equity interest in Tufbond Technologies Sdn Bhd ("Tufbond"). Tufbond is expert in the business of manufacturing various types of synthetic latex polymers used for paint, waterproofing, coatings, inks, tapes, labels, paper binders and textile. Besides, Tufbond has also extended its product line for the paper and glove industries such as dry strength resins and polymer coating respectively.

On 29th December 2021, the Company had completed the acquisition of Hextar Agriculture Sdn Bhd, representing 100% equity interest to further expand its trading and distribution of agrochemicals and fertiliser products.

OUR VISION/MISSION/CORE VALUES

Our logo was taken from our company name which has been commenced since 1985. The Hextar brand has been marketing its place as one of Malaysia's foremost agrochemical companies. It has been established for 36 years with more than 600 products successfully registered in Malaysia and globally. Our group's operations have now expanded to 30 countries and 500 team members, serving as the best supporting system for our customers and suppliers in more than 30 countries across several continents.

The philosophy of Hextar has always been working hard to establish each subsidiary into independent and effective competitors in their respective industries, the management consciously identifies and grooms key and potential employees from their folds to enable constant career advancement and more important roles to achieve the objectives of each subsidiary.

OUR CORE VALUES

Hextar believes in operating business with:

LOYALTY

Dedication to the mission, to the community, and to each other.

INTEGRITY

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

HARDWORK

A great deal of effort or endurance.

MISSION

We build shareholder value by carving a niche in the global arena; earn the respect of the market for outstanding products and services; endorse human capital development and enhance business synergy in diversity.

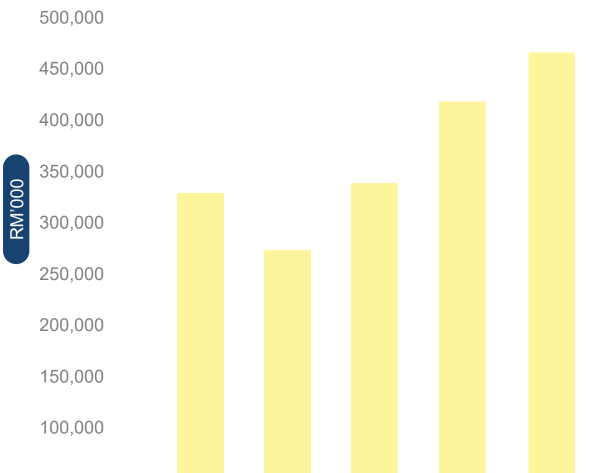
VISION

We aim to be the preferred business partner and employer of choice.

FINANCIAL HIGHLIGHTS

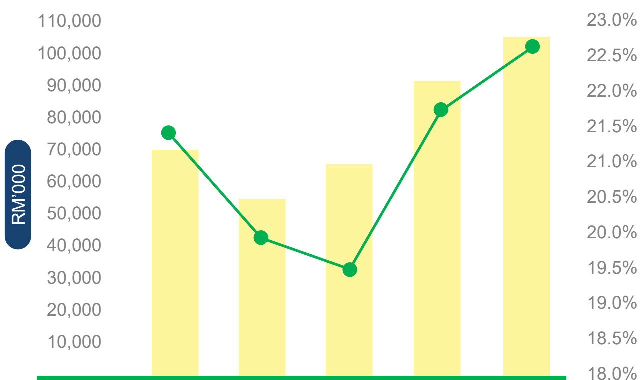
FINANCIAL HIGHLIGHTS OF THE GROUP					
Financial Year Ended 31 December	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	324,391	273,993	337,278	418,642	**464,118**
Gross Profit ("GP")	69,541	54,552	65,770	91,028	**105,008**
Profit Before Taxation ("PBT")	55,655	38,151	11,182	56,688	**53,565**
Profit After Taxation ("PAT")	43,403	31,931	2,423	44,484	**39,210**
Ratios					
GP Margin	21.4%	19.9%	19.5%	21.7%	**22.6%**
PBT Margin	17.2%	13.9%	3.3%	13.5%	**11.5%**
PAT Margin	13.4%	11.7%	0.7%	10.6%	**8.4%**
Basic Earnings Per Share ("Basic EPS") (Sen)	6.07	4.47	0.31	3.42	**3.01**

REVENUE



	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021
Revenue	324,391	273,993	337,278	418,642	**464,118**

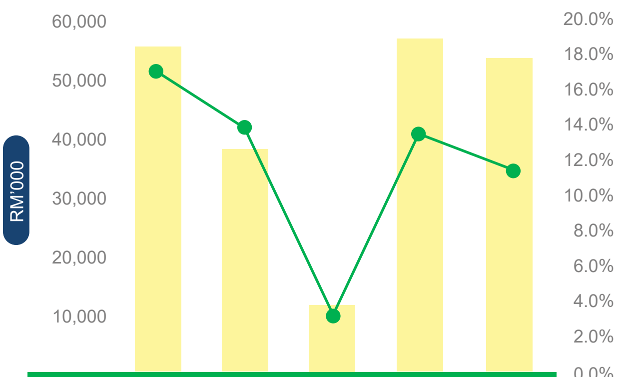
GP & GP MARGIN



	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021
GP	69,541	54,552	65,770	91,028	**105,008**
GP Margin	21.4%	19.9%	19.5%	21.7%	**22.6%**

GP — GP Margin

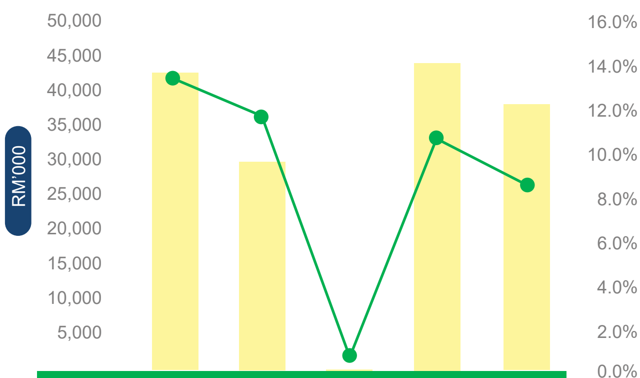
PBT & PBT MARGIN



	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021
PBT	55,655	38,151	11,182	56,688	**53,565**
PBT Margin	17.2%	13.9%	3.3%	13.5%	**11.5%**

PBT — PBT Margin

PAT & PAT MARGIN



	FYE2017	FYE2018	FYE2019	FYE2020	FYE2021
PAT	43,403	31,931	2,423	44,484	**39,210**
PAT Margin	13.4%	11.7%	0.7%	10.6%	**8.4%**

PAT — PAT Margin

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Y.BHG DATO' ONG SOON HO
Non-Independent and Non-Executive Vice Chairman

Y.BHG DATO' ONG CHOO MENG
Non-Independent Executive Director

LEE CHOOI KENG
Non-Independent Executive Director

YEOH CHIN HOE
Senior Independent Non-Executive Director

LIEW JEE MIN @ CHONG JEE MIN
Independent Non-Executive Director

CORPORATE INFORMATION
cont'd

AUDIT COMMITTEE

Chairman
Yeoh Chin Hoe

Members
Liew Jee Min @ Chong Jee Min
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Liew Jee Min @ Chong Jee Min

Members
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir
Yeoh Chin Hoe

RISK MANAGEMENT COMMITTEE

Chairman
Lee Chooi Keng

Members
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir
Yeoh Chin Hoe

WHISTLEBLOWING COMMITTEE

Chairman
Yeoh Chin Hoe

Members
Lee Chooi Keng
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir

COMPANY SECRETARIES

Lim Hooi Mooi (MAICSA 0799764)
(SSM PC No. 201908000134)

Ong Wai Leng (MAICSA 7065544)
(SSM PC No. 202008003219)

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

PRINCIPAL BANKERS

Malayan Banking Berhad
Citibank Berhad
Hong Leong Islamic Bank Berhad
OCBC Al-Amin Bank Berhad
AmBank (M) Berhad
Alliance Bank Malaysia Berhad
Al Rajhi Banking & Investment
HSBC Amanah Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

AUDITORS

Crowe Malaysia PLT
201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Setia Alam Office,
Suite 50-3, Setia Avenue,
No. 2, Jalan Setia Prima S U13/S,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Robert Yam & Co (00612)
No.190 Middle Road,
#16-01/02/03 Fortune Centre,
Singapore 188979.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants
Level 8, BDO @ Menara Centara,
360, Jalan Tuanku Abdul Rahman,
50100 Kuala Lumpur, Malaysia.

Stannards Accountants and Advisors Pty Ltd
A.C.N 006 867 441
Level 1, 60 Toorak Road,
South Yarra, Vic 3141.

Lee & Rahman
Certified Public Accountants
B7, First Floor, Block B, Shakirin Complex,
Kampung Kiulap, BE1518,
Bandar Seri Begawan,
Brunei Darussalam.

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200, Kuala Lumpur, Malaysia.
Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Stock Name : HEXTAR
Stock Code : 5151

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No.8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.
Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

CORPORATE OFFICE

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

CHAIRMAN'S STATEMENT

Dear
Shareholders,

"On behalf of the Board of Directors of Hextar Global Berhad ("Hextar" or "the Group"), it is my pleasure to present the Thirteenth Annual Report and the Audited Financial Statements for the financial year ended 31 December 2021 ("FYE 2021")."

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

We are delighted to share that Hextar is moving a step forward amidst a highly challenging business and economic environment. Together with my colleagues on the Board and the Key Senior Management, you have our assurance that we will continue to provide the kind of robust and responsible leadership that our stakeholders have grown accustomed to. We remain steadfast in our commitment to grow the Group and ensure that Hextar continues delivering value to its shareholders.

AN OVERVIEW OF OUR FINANCIAL PERIOD

The Group observes a financial calendar of a twelve (12) months financial period from 1 January 2021 to 31 December 2021. Further explanation on our performance overview and moving forward action strategies are elaborated in the Management, Discussion and Analysis segment in this Annual Report.

DIVIDEND

Hextar continues to reward our shareholders as we step up the pace of our revenue growth despite a challenging external trading environment. The Board of Directors ("Board") had declared a total dividend payout of 2.2 sen per ordinary share for FYE 2021, representing a total payout rate of 73.3%.

CORPORATE SUSTAINABILITY

Entering into the fifth year of publishing Sustainability Report, we are committed to maintain and enhance the best sustainability initiatives in our agriculture, consumer products and specialty chemicals segments to pursue a sustainable value creation. We believe that by diversifying our products is a key contributor to business sustainability and will make us more competitive, relevant and innovative. Hextar strives to remain focused and committed to our core values in delivering excellence through transparent services, quality products as well as a safe and reliable working environment.

CHAIRMAN'S STATEMENT
cont'd

We truly understand a good corporate governance is the foundation for a sustainable business. We shall continue to uphold the principles of good governance and strictly comply with our Anti-Bribery and Corruption Policy. We will continue to behave with integrity as part of our core values.

I am gratified that Hextar has been taken multiple steps to have an optimistic outlook in our continuous improvements. From our humble beginning since 1980, we are grateful for all the supports from our various stakeholders in building this sustainable journey together. We recognize that there are always room for improvement and enhancement and therefore, will steer the Company towards excellence.

OUR HIGHLIGHTS

Hextar has marked a significant milestone in FYE 2021 with the acquisition of Chempro Technology (M) Sdn Bhd and Alpha Aim (M) Sdn Bhd on 23 July 2021, Nobel Synthethic Polymer Sdn Bhd and Nobel Scientific Sdn Bhd on 18 November 2021, Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd) and its subsidiary companies on 30 November 2021, Tufbond Technologies Sdn Bhd on 2 December 2021 and Hextar Agriculture Sdn Bhd on 29 December 2021. These companies will continue to contribute positively to the Group's earnings and deliver sustainable growth.

We envisage that our Company will continue growing in the coming years. We believe that whenever there is uncertainty, there is opportunity. In line with our strategic business growth planning, we have expanded into specialty chemicals segment and have continued to review the performance of the consumer products segment including changing our distribution channels and diversifying our products range to increase our market reach in order to create long term value for our stakeholders.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our deepest appreciation to all of our shareholders for your continued support and trust in Hextar. My gratitude also goes to our customers, business partners, suppliers, government authorities and regulators for their confidence and continued co-operation in furthering our business growth.

Our utmost appreciation to our dedicated and diligent staff for their commitment to excellence. My sincere appreciation to our Key Senior Management for continuing to provide Hextar with a strong strategic direction and leading the whole Group outstandingly. Last but not least, my sincere gratitude to my colleagues on the Board for their wise counsel and insights which lead Hextar and navigate expertly to strengthen the company.

We will continue to invest in the necessary infrastructure, partners and people to facilitate our growth and development. As we grow, I would be grateful for the continued support from our stakeholders as we are remaining steadfast in overcoming the challenges and remaining competitive in the market. May our Group continue to work together and forge ahead to achieve a higher growth and success for the betterment in the near future.

Thank you.

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

BOARD OF DIRECTORS' PROFILE

Y.D.H. DATO' SRI
DR ERWAN BIN DATO'
HAJI MOHD TAHIR

Independent Non-ExecutiveChairman

Malaysian, Male, Aged 45

Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, aged 45, was appointed to our Board on 22 May 2017 as Independent Non-Executive Director and subsequently re-designated to Chairman of Hextar Global Berhad on 6 December 2017.

Dato' Sri Dr Erwan graduated from University of Wales (UK) with Masters in Business Administration (MBA) in Marketing Management in 2005 through an academic collaboration with KLC-Centre of Higher Studies Kuala Lumpur and subsequently received Doctorate in Philosophy (PhD) in Management in 2012. It's a hybrid program in collaboration between KLC-Centre of Higher Studies Kuala Lumpur with University of Wales (UK).

Dato' Sri Dr Erwan's involvement in business began in 1997 when he was awarded medium scale contracts such as building construction, highways and painting jobs. Amongst his first contracts was to paint the Prime Minister's Office, Prime Minister's Residence, KL International Airport, Sepang F1 Circuit and Suria KLCC. In 2006, he was involved in the business of timber and iron ore concessions in Pahang and Kelantan. His major achievement was in 2009, when he started to diversify the group's business by taking over the largest switchgear and transformer company in the Malaysian power industry. In 2010, his group took over the biggest rice vermicelli company in Malaysia which controls 80% of the local market. In 2012, he further expanded his group's business into coal mining in Samarinda, West Kalimantan, Indonesia for export internationally. At present, his group has also ventured into the defense and security industry supplying aircrafts, helicopters, boats, armored vehicles and artillery supplies to the military and police to strengthen their defense and security systems. In addition, his group also ventured into manufacturing of the first Malaysian made electrical bus.

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). He holds few posts in the National Entrepreneur and Contractor's Association as the President for Pertubuhan Pedagang Dan Peniaga Kebangsaan Malaysia (PERDANA), President for Persatuan Kontraktor Tenaga Malaysia (PKTM) and as the Council Member for Persatuan Kontraktor Bumiputera Malaysia (PKBM). He is also the Advisor for Persatuan Kebajikan Keluarga Bekas Polis Dan Tentera (POLTERA) and Advisor for RELA Honorary Club, Jabatan Sukarelawan Malaysia (RELA), Kementerian Dalam Negeri (KDN).

In the National Crime Prevention and Anti Corruption bodies, he holds positions as National EXCO Member for Malaysian Crime Prevention Foundation (MCPF) and as a Member of Sahabat Gerakan Revolusi Anti Rasuah (GERAH), Malaysia Anti Corruption Commission (MACC) and as the Vice Chairman 1 for Kesateria Muda Keselamatan 1 KDN (KMK1KDN) under Kementerian Dalam Negeri (KDN).

Dato' Sri Dr Erwan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no other directorship in any other public companies.

In the financial year ended 31 December 2021, he had attended all ten meetings of the Board.

BOARD OF DIRECTORS' PROFILE

cont'd

Y.BHG DATO'
ONG SOON HO

Non-Independent Non-Executive Vice Chairman

Malaysian, Male, Aged 75

Dato' Ong Soon Ho, a Malaysian, aged 75, is our Non-Independent and Non-Executive Vice Chairman. He was appointed to the Board on 22 May 2017.

Dato' Ong Soon Ho is the founder of Hextar Chemicals Sdn Bhd and is responsible for Hextar Group's growth and development since its commencement. He graduated with a Bachelor's Degree in Plant Pathology and Entomology from National Taiwan University. He then obtained a Master's Degree in Mycology from University of Aberdeen, Scotland, United Kingdom. His professional experience includes being part of the senior management team in a multinational corporation coupled with his experience in the agricultural industry of over 30 years.

Dato' Ong Soon Ho has family relationship with Dato' Ong Choo Meng and the director of Hextar Holdings Sdn Bhd which is the substantial shareholder of the company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no other directorship in any other public companies.

In the financial year ended 31 December 2021, he had attended all ten meetings of the Board.

BOARD OF DIRECTORS' PROFILE

cont'd

Y.BHG DATO' ONG CHOO MENG

Non-Independent Executive Director

Malaysian, Male, Aged 44

Dato' Ong Choo Meng, a Malaysian, aged 44, is our Non-Independent Executive Director. He was appointed to our Board on 22 May 2017.

Dato' Ong Choo Meng is a highly competent and professional business leader with over eighteen years of valuable experience in senior management position. His working experience includes management of a group of companies, strategising and implementing business plans with a track record in successfully driving business growth for the group. Presently, he leads and directs Hextar Group's growth, business expansion strategies, overall finance and corporate development. He currently holds the position of Group Chief Executive Officer of the Hextar Group of Companies. He holds a Bachelor of Business (Economics and Finance) from the Royal Melbourne Institute of Technology Australia. He has been in the agriculture industry for more than 18 years specialising in finance and investment activities.

Dato' Ong was previously on the Board of a Public Listed Company where he contributed in providing independent review to ensure corporate accountability in board decisions. In addition, he was one of the board members that ensured strategies proposed by the management were fully deliberated and examined in the long-term interest of the company.

Dato' Ong Choo Meng has family relationship with Dato' Ong Soon Ho and the director of Hextar Holdings Sdn Bhd which is the substantial shareholder. He has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He is also a Non-Independent Non-Executive Director of Hextar Industries Berhad (formerly known as SCH Group Berhad) and Rubberex Corporation (M) Bhd.

In the financial year ended 31 December 2021, he had attended all ten meetings of the Board.

BOARD OF DIRECTORS' PROFILE
cont'd

LEE CHOOI KENG

Non-Independent Executive Director

Malaysian, Female, Aged 65

Madam Lee Chooi Keng, a Malaysian, aged 65, is our Non-Independent Executive Director. She was appointed to our Board on 22 May 2017. She is currently the Chairperson of Risk Management Committee.

Madam Lee graduated with Bachelor of Science, majoring in Chemistry. She started her career as a chemist before gaining further experience in a senior management position in the private sector of agrochemical industry for more than 40 years.

Madam Lee is currently responsible for the overall development and business operations of the Hextar Group. After graduating with a Bachelor of Science degree, majoring in Chemistry, Madam Lee started out as a chemist before gaining further experience in a senior management position in the private sector of the agrochemical industry. She has more than 40 years' experience in the agrochemical industry.

Madam Lee has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. She has no other directorship in any other public companies. Nevertheless, she is the Group Managing Director of Hextar Chemicals Sdn Bhd.

In the financial year ended 31 December 2021, she had attended all ten meetings of the Board.

BOARD OF DIRECTORS' PROFILE

cont'd

YEOH CHIN HOE

Senior Independent Non-Executive Director

Malaysian, Male, Aged 71

Mr Yeoh Chin Hoe, a Malaysian, aged 71, is our Senior Independent Non-Executive Director since 6 December 2017. He was appointed to our Board on 22 May 2017 as Independent Non-Executive Director. He is the Chairperson of the Audit Committee and Whistle Blowing Committee.

Mr Yeoh is a fellow of both The Association of Chartered Certified Accountants (UK) and Institute of Chartered Secretaries and Administrators (UK), a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He also obtained a Master Degree in Business Administration (General Management) from Universiti Putra Malaysia in 1997.

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd in 2006, as a consultant specialising in business process improvements and general business management services.

Mr Yeoh has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He is also an Independent Non-Executive Director of Chin Hin Group Berhad and Complete Logistic Services Berhad.

In the financial year ended 31 December 2021, he had attended all ten meetings of the Board.

BOARD OF DIRECTORS' PROFILE
cont'd

LIEW JEE MIN @
CHONG JEE MIN

Independent Non-Executive Director

Malaysian, Male, Aged 63

Mr Liew Jee Min @ Chong Jee Min, a Malaysian, aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 14 December 2017. He is currently the Chairperson of Nomination and Remuneration Committee.

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

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

Mr Chong has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He is also an Independent Non-Executive Chairman of YKGI Holdings Berhad and an Independent Non-Executive Director of Parkson Holdings Berhad, Jaks Resources Berhad and Rubberex Corporation (M) Bhd.

In the financial year ended 31 December 2021, he had attended all ten meetings of the Board.

KEY SENIOR MANAGEMENT'S PROFILE

LO NGEN LOI

Managing Director
Agriculture Segment
(Appointed on 1 June 2009)
(Gender: Male)

Mr Lo Ngen Loi, a Malaysian, aged 65, is currently our Managing Director of Hextar Chemicals Sdn Bhd. He is responsible for Hextar Group's marketing development and strategies for the Agriculture segment.

Mr Lo graduated with a Bachelor of Science, majoring in Chemistry and Botany. He has more than 30 years of professional experience in the industry including product launching, product specialist for the regional market as well as marketing and portfolio management of agrochemicals for multinational corporations.

Mr Lo has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no directorship in any public companies.

CHEN SEN LOON

Managing Director
Agriculture Segment
(Appointed on 3 December 2015)
(Gender: Male)

Mr Chen Sen Loon, a Malaysian, aged 55, is currently our Managing Director in Agriculture segment. He is responsible for driving agriculture business operations performance. He is also responsible for Halex (M) Sdn Bhd, operations of Hextar Chemicals Sdn Bhd and all the companies under its wing of supervision.

Mr Chen joined Halex Industries (M) Sdn Bhd in 1992 as a Chemist. He was promoted as Production Manager in 1993. He was appointed as the General Manager in 2001 to which he responsible for the agrochemical manufacturing and export divisions. In 2014, he then joined the Board of Directors of Halex Holdings Berhad as an Executive Director and was appointed as the Managing Director in 2015. Currently, Mr Chen holds the position of Managing Director as we believed that his proficiency in the industry brings significant impact to the Company.

Mr Chen graduated from Universiti Kebangsaan Malaysia (UKM) with a Bachelor in Chemistry (Honours) and obtained his Master in Business Administration from Heriot-Watt University, UK. He has more than 25 years of experience in the agrochemical industry, as a chemist and senior management role.

Mr Chen has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no directorship in any public companies.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

DR. LEE LENG CHOY
Managing Director
Research and Development Segment
(Appointed on 1 October 2013)
(Gender: Male)

Dr. Lee Leng Choy, a Malaysian, aged 49, is currently our Managing Director in Research and Development segment. He is responsible for Hextar Group's Research and Development operations and technical matters, as well as the business of Specialty Chemicals segment.

Dr. Lee is a Ph.D. holder in the urban entomology and biochemistry. He has a Bachelor in Entomology. He comes from the research and development background with a strong foundation in regulatory compliance of crop protection industry and regional exposure. Dr. Lee has over 20 years of experience in the industry and managed to publish more than 20 peer reviewed publications and presented over 35 research papers at scientific meetings.

Dr. Lee has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no directorship in any public companies.

CHIAM LONG CHAI
Executive Director
Consumer Products Segment
(Appointed on 3 August 2009)
(Gender: Male)

Mr Chaim Long Chai, a Malaysian, aged 49, is currently our Executive Director in Consumer Products segment. He is responsible for Consumer Products business operations and growth.

Mr Chiam graduated with a Bachelor in Business Studies, majoring in Finance. He has more than 20 years of professional experience in the industrial chemical industry, focusing on administration, marketing and supply chain management of the business operations. He has experience in managing products in various industries and in holding expatriate positions abroad.

Mr Chiam has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He has no directorship in any public companies.

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

LIAN DAZHI

Managing Director
Biogas Engineering Business
(Appointed on 14 February 2000)
(Gender: Female)

Ms Lian Dazhi, a citizen of China, aged 68, is our current Managing Director of Hextar Biogas BEE Sdn Bhd and Biogas Environment Engineering Sdn Bhd. She is responsible for driving the Biogas business operations performance.

Ms Lian graduated from China Chongqing University with a Bachelor in Automatic Specialised Control. She has more than 20 years of professional experience in methane project application technology, computer control system and the electrical machinery. Her previous working experience include being an engineer in Chinese Academy of Science Computer Application Research Institute and Chinese Sichuan Ecology Resources Environmental Protection Research Institute, General Manager with Lanke Medical Service Research Center and Assistant General Manager with China Sichuan Technical Investment Limited Company.

Ms Lian has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon her by relevant regulatory bodies for the financial year ended 31 December 2021. She has no directorship in any public companies.

PHAN NEE CHIN

Financial Controller
Group Financial Department
(Appointed on 16 March 2020)
(Gender: Female)

Ms Phan Nee Chin, a Malaysian, aged 44, is our Financial Controller. She graduated from University of Malaysia with a Bachelor in Accounting and she is a Chartered Accountant with the Malaysian Institute of Accountants.

Ms Phan has professional working experience over 18 years in the areas of auditing, accounting, finance and administration. She started her career with local medium size accounting firm and held several senior finance positions in a number of private and public companies before joining our company. She is also a Joint Secretary of Hextar Global Berhad, appointed on 15 December 2020.

Ms Phan has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. She has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon her by relevant regulatory bodies for the financial year ended 31 December 2021. She has no directorship in any public companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Hextar continues to be resilient throughout the year by adopting strategies to address both challenges and opportunities created by the global pandemic.

DATO' ONG CHOO MENG
Non-Independent Executive Director

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Hextar Global Berhad ("Hextar or "Group") is an investment holding company with its subsidiaries principally engaged in the manufacturing and distribution of agrochemicals, specialty chemicals and consumer products. Hextar's mission is to establish each subsidiary as independent and effective competitors in their respective industries.

The Group, with its headquarters located in Klang, Malaysia, owns and operates numbers of manufacturing plants which are based in Port Klang (Selangor), Bandar Tenggara (Johor), Tampoi (Johor Bahru), Kemaman (Kuala Terrenganu) and KillKenny Court (Australia) in addition to operating plants for specialty chemicals which operates at Bukit Raja (Klang), Balakong (Selangor) and Sungai Puloh (Klang).

Hextar has expanded its business into the Internet of Things ("IOT") to include the business of marketing, distribution and supply consultancy and management services for smart agriculture products using 5G technology in the plantation industry. Hextar further expanded its business by acquiring Hextar Biogas BEE Sdn Bhd which specialises in technical research, engineering design and construction of methane renewable energy. The core business is to utilise anaerobic digestion technology to process industrial organic wastewater from food and beverage industries, concentrated animal farm operations and Palm Oil Mill Effluent ("POME").

The agriculture industry remains an important industry in Malaysia, as it ensures food security and increases income levels in rural areas. The usage of agrochemicals has been growing at a significant pace, particularly herbicides consumption, as modern practices are being utilised in the field.

Significant Changes in 2021

In 2020, the Group's 2 major business segments, namely Agriculture and Consumer Products, accounted for 94% and 6% of total revenue respectively. In line with our long-term growth strategy, the Management recognised the importance and benefits of diversification as a strategy to enable the Group to expand and accelerate the growth of its market share whilst contributing to the Group's bottom line.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Accordingly, in 2021, the Group decided to diversify into the Specialty Chemicals business. During the year, Hextar completed the acquisition of the following companies, marking a significant milestone in the evolution of the Hextar Group:-

- Alpha Aim (M) Sdn Bhd, Chempro Technology (M) Sdn Bhd and Protek Chemicals & Engineering (B) Sdn Bhd;
- Nobel Synthetic Polymer Sdn Bhd and Nobel Scientific Sdn Bhd;
- Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd), Hextar Oilfield Chemicals Sdn Bhd (formerly known as ENRA Oilfield Chemicals Sdn Bhd), Hextar Downstream Services Sdn Bhd (formerly known as ENRA Downstream Services Sdn Bhd), Hextar Kimia (Australia) Pty Ltd (formerly known as ENRA Kimia (Australia) Pty Ltd), International Chemicals Engineering Pty Ltd; and
- Tufbond Technologies Sdn Bhd.

Hextar's footprint in the specialty chemicals sector covers the hygiene sector, the rubber industry and oil and gas industry.

Hextar is now principally engaging in three (3) core business segments:

Segments	Principal Activities
Agriculture	Manufacturing, distribution and agents of agrochemicals, research and development activities. Our product portfolio offers a wide range of pesticides such as herbicides, insecticides, fungicides, rodenticides and miticides.
Consumer Products	Manufacturing and distribution of disposable healthcare products, such as wet wipes, tissue and cotton-based products.
Specialty Chemicals	Manufacturing and distribution of institutional and industrial chemicals, detergent, sanitising chemicals, chemical derivatives, coating, liquid odorant, dosing systems, gas and the chemical related services, polymers, adhesive products and provision of technical assistance.

Objectives and Strategies

The Group aspires to be a leading supplier of agrochemicals and specialty chemicals related products. We operate our business with the aim of creating opportunities for growth together with the community (People) and the environment complementing our business results by leveraging on our strengths and with us providing the platform.

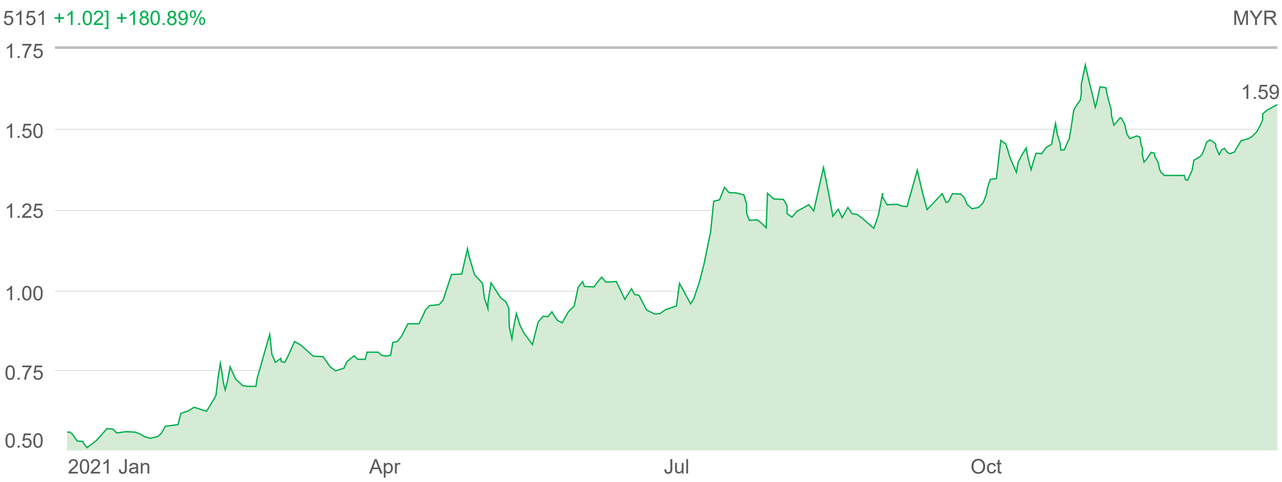
We are committed to deliver sustainable growth and value creation to all our stakeholders through our core competences and expertise in the key areas which our Group focuses on. The following table lists some of the objectives and strategies of Hextar. We will continue to refine and progress from these as we move into the coming years.

Objectives	Strategies
Leading supplier of agrochemicals and specialty chemicals related products	i. Adopt a continuous improvement approach towards product quality ii. Continue to explore new markets and business opportunities for new products and services
Maintain sustainable growth in revenue and profits and to maximise value for shareholders	i. Focus on and investment in research & development activities ii. Continuously enhance our current products range
Improve internal efficiencies	i. Strengthening Group synergy ii. Regular training on systems and processes

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Objectives	Strategies
Support and empower communities, encourage social inclusivity and improve the environment and to make the earth a better place to live in through responsible investing, besides weighing on an appropriate risk-return profile for investments	i. Set-up a steering committee to implement and coordinate ESG initiatives. ii. Regular meetings with the ESG Steering committee for sustainability strategies and deliverables. iii. Engage with associations that are active in combating climate change iv. Increase/reduce the use of renewable and conventional energy respectively v. Create and promote agrochemical products that are less toxic which will be more environmentally friendly vi. Conduct CSR programs vii. Promote and support human rights principles

HEXTAR SHARE PRICE PERFORMANCE



Hextar's share price has been rising steadily after it hit a low of RM0.52 (adjusted price for bonus issue) on 8 January 2021, hitting the highest price of the year at RM1.69 on 5 November 2021. The bullish movement has pushed the market capitalisation of Hextar to RM2.07 billion as of the financial year ended 31 December 2021.

FINANCIAL PERFORMANCE OVERVIEW

A summary of financial performance of our Group in Financial Year Ended 2021 ("FYE 2021") as compared to Financial Year Ended 2020 ("FYE 2020") is presented below: -

	FYE 2021	FYE 2020	Variances	
	RM'000	RM'000	RM'000	%
Revenue	464,118	418,642	45,476	10.9%
Gross Profit ("GP")	105,008	91,028	13,980	15.4%
Profit Before Taxation ("PBT")	53,565	56,688	(3,123)	-5.5%
Profit After Taxation ("PAT")	39,210	44,484	(5,274)	-11.9%
GP Margin	22.6%	21.7%	0.9%	4.1%
PBT Margin	11.5%	13.5%	-2.0%	-14.8%
PAT Margin	8.4%	10.6%	-2.2%	-20.8%

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Revenue

Year 2021 marks a significant milestone for the Hextar Group with the inclusion of the Specialty Chemicals segment as a new revenue growth engine and enabling the Group to diversify our businesses.

Hextar has again registered another record high revenue of RM464.1 million from RM418.6 million achieved last year, representing an increase of 10.9%. This was mainly attributed to the revenue contribution from the newly acquired Specialty Chemicals segment amounting to RM46.2 million in addition to the improved contribution from the Agriculture segment which has been mitigated by lower performance in Consumer Products segment as appended below:

	FYE 2021	FYE 2020	Variances	
	RM'000	RM'000	RM'000	%
Agriculture	402,094	392,958	9,136	2.3%
Specialty Chemicals	46,147	-	46,147	N/A
Consumer Products	15,208	25,565	(10,357)	-40.5%
Others	669	119	550	462.2%
Total revenue	**464,118**	**418,642**	**45,476**	**10.9%**

Agriculture

Revenue from the Agriculture segment has increased by RM9.1 million or 2.3% from RM393.0 million in FYE 2020 to RM402.1 million in FYE 2021. The marginal growth was mainly caused by global supply chain disruptions and shortages due to the COVID-19 pandemic, we would have achieved a better performance without the interference. Nevertheless, with our sound inventory management practices, the Group managed to control raw materials sourcing which makes the business more resilient during the crisis.

Specialty Chemicals

Specialty Chemicals segment as a new source of business income contributed 9.9% or RM46.1 million to total revenue following the completion of the respective business acquisitions towards the last quarter of the year. The Management expects a much higher revenue contribution next year as a full year of revenue will be recognised.

Consumer Products

The revenue contribution from the Consumer Products segment decreased by RM10.4 million due mainly to the slowdown in retail activities during the movement control order. The segment also changed its distribution channels from a sole distribution channel to authorised distribution channels during the year in order to expand its product offerings to increase market reach.

Group Overview

In tandem with the increase in revenue, GP increased by RM14.0 million or 15.4% from RM91.0 million to RM105.0 million. The GP margin has also increased by 0.9% from 21.7% to 22.6% despite the price hike caused by the global raw material crisis and also better profit margins was contributed from the Specialty Chemicals segment. The Specialty Chemicals businesses which we acquired come with profit guarantees and produce niche, proprietary and customised products for clients thus generating higher profit margins.

Operating expenditure such as selling and marketing expenses, administrative expenses and other expenses have increased substantially from last year, primarily due to the consolidation of the Specialty Chemicals segment as the expenses of the new business segments were added to the Group besides the continued growth in sales activities.

In addition to the above mentioned, higher selling and marketing expenses of RM16.1 million in 2021 as compared to RM9.6 million in 2020 was driven by higher freight rates caused by the container crisis combined with bottlenecks and congestion across global supply chains.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Higher administrative and other expenses incurred by the Group was mainly due to one-off legal and professional fees for the various corporate exercises undertaken during the financial year 2021, including business acquisitions and issuance of Bonus Shares.

Finance costs has increased by RM0.8 million from RM3.3 million to RM4.1 million mainly due to the increase in bank borrowings to fund the business acquisitions and additional working capital requirements.

Corporate taxation has increased by RM2.2 million or 18.0% from RM12.2 million in FYE 2020 to RM14.4 million in FYE 2021. The Group's effective tax rate is 26.8% which was higher than the statutory rate mainly due to the increase of non-deductible expenses incurred particularly expenditures incurred for corporate exercises.

Overall, the Group made a lower PAT of RM39.2 million in FYE 2021 as compared to RM44.5 million achieved in FYE 2021 mainly due to higher operating expenses incurred during the financial year 2021 particularly the one-off corporate exercise expenditures which is also non-tax deductible.

STATEMENT OF FINANCIAL POSITION OVERVIEW

STATEMENT OF FINANCIAL POSITION

	31.12.2021	31.12.2020	Variances	
	RM'000	RM'000	RM'000	%
Non-current Assets	265,113	91,249	173,864	190.5%
Current Assets	398,907	215,806	183,101	84.8%
Total Assets	**664,020**	**307,055**	**356,965**	**116.3%**
Non-current Liabilities	214,729	19,138	195,591	1022.0%
Current Liabilities	221,706	86,650	135,056	155.9%
Total Liabilities	**436,435**	**105,788**	**330,647**	**312.6%**
Net Assets	**227,585**	**201,267**	**26,318**	**13.1%**
Current Ratio (times)	2.07	2.49	(0.42)	(16.9%)
Gearing Ratio (times)	1.18	0.29	0.89	306.9%
Net Assets Per Share (RM)	0.17	0.15(1)	0.02	13.3%

Notes:
(1) *Restated to reflect the effect of bonus issue*

➢ **Group Assets**

Overall, the total assets were increased to RM664.0 million as result of acquisition of the Specialty Chemicals business during the financial year 2021.

Non-current assets increased by RM173.9 million to RM265.1 million as at 31 December 2021 from RM91.2 million mainly due to the following: -

(i) The Group recorded approximately RM132.4 million of provisional goodwill arising from the acquisition of the Specialty Chemicals business, where fair value adjustments were made on tangible and intangible assets.

(ii) Increase in property, plant and equipment, and right-of-use assets by RM31.5 million and RM10.3 million respectively mainly due to the acquisition of subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Current assets increased by RM183.1 million to RM398.9 million from RM215.8 million as a result of the following: -

(i) Inventories increased by RM71.4 million to RM152.5 million from RM81.1 million recorded last year mainly attributable to the stock-up of raw materials to avoid any disruptions in the supply chain coupled with the addition of RM30.3 million in inventories from the Specialty Chemicals business.

(ii) Increase in trade receivable as well as cash and cash equivalents balances amounting to RM52.9 million and RM41.1 million respectively due mainly to the acquisition of the Specialty Chemical business.

(iii) A reclassification of assets held for sale from property, plant and equipment amounted to RM6.9 million.

➢ **Group Liabilities**

Non-current liabilities increased by RM357.0 million to RM214.7 million was mainly due to the recognition of contingent consideration of RM58.0 million in relation to the profit guarantee provided by the vendors of the Specialty Chemical business in addition to a RM139.0 million increase in term loans to partially fund the purchase consideration for the business acquisitions.

Current liabilities increased by approximately RM135.0 million or 155.9% to RM221.7 million from RM86.7 million. This was mostly attributed to the increased in bills payable from RM33.0 million to RM93.0 million, trade payables which increased from RM24.8 million to RM53.1 million and term loan from RM3.2 million to RM16.8 million.

STATEMENT OF CASH FLOWS

	FYE 2021	FYE 2020	Variances	
	RM'000	RM'000	RM'000	%
Net cash from operating activities	357	62,053	(56,666)	(91.3%)
Net cash (used in)/from investing activities	(114,308)	23,849	(138,157)	(579.3%)
Net cash from/(used in) financing activities	154,599	(98,214)	252,813	257.4%
Net change in cash and cash equivalents ("CCE")	40,649	(12,311)	52,960	430.2%

In FYE 2021, net cash flows generated from operating activities amounted to RM0.4 million. This comprises of operating cash inflow before movement in working capital of RM63.9 million, cash inflow from payables of RM11.2 million and related companies of RM5.7 million. The cash outflow was for inventories of RM41.0 million, contract assets of RM0.5 million, receivables of RM15.4 million, joint venture of RM2.5 million, interest expenses and income tax amounted to RM4.1 million and RM17.0 million respectively.

Net cash flows used in investing activities amounted to approximately RM114.3 million was mainly due to the acquisition of subsidiaries of RM109.4 million and purchase of property, plant and equipment of RM2.2 million.

Net cash flows from financing activities amounted to approximately RM154.6 million, mainly driven by drawdown of term loan and bank borrowings amounting to RM139.0 million and RM52.4 million respectively. This was partially offset by cash outflow for dividend payment and purchase of treasury shares amounting to RM19.7 million and RM10.3 million.

As a result of the above, there was a net increase of RM40.6 million in cash and cash equivalents. As at 31 December 2021, the Group's cash and cash equivalents amounted to RM58.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

OVERVIEW OF OPERATING ACTIVITIES

Agriculture

The COVID-19 pandemic has impacted almost all aspects of business and economic activities and has sent shockwaves through the global supply chains resulting in huge slow-downs in production and creating significant challenges in supply and logistics.

Considering the intensely challenging landscape for economic activities due to the prolonged pandemic and movement restrictions, Agriculture segment performance in FYE 2021 was commendable and comparable to FYE 2020 on the back of effective cost management initiatives and enhanced operational efficiencies.

Agriculture segment revenue rose 2.3% to RM402.1 million from RM393.0 million recorded last year, benefitting from the increase in selling prices in line with the increase in raw material price. However, our margins softened due to the higher forwarding and freight charges due to worldwide shortage of shipping containers.

Consumer Products

The Consumer Products segment's weaker-than-expected performance is attributed to prolonged pandemic conditions which has given rise to various levels of movement control order which brought about the softer retail performance from the lack of foot traffic causing the sales order from our sole distributor to drop significantly.

Loss after tax for FYE 2021 was RM3.6 million, which was RM3.5 million more than the preceding year's loss after tax of RM0.05 million which was close to breakeven point.

Specialty Chemicals

Year 2021 marked a significant milestone in the evolution of the Hextar Group where we have completed the diversification into the Specialty Chemicals business through the acquisition of:

- Alpha Aim (M) Sdn Bhd, Chempro Technology (M) Sdn Bhd and Protek Chemicals & Engineering (B) Sdn Bhd;
- Nobel Synthetic Polymer Sdn Bhd and Nobel Scientific Sdn Bhd;
- Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd), Hextar Oilfield Chemicals Sdn Bhd (formerly known as ENRA Oilfield Chemicals Sdn Bhd), Hextar Downstream Services Sdn Bhd (formerly known as ENRA Downstream Services Sdn Bhd), Hextar Kimia (Australia) Pty Ltd (formerly known as ENRA Kimia (Australia) Pty Ltd), International Chemicals Engineering Pty Ltd; and
- Tufbond Technologies Sdn Bhd.

These companies which we acquired came with profit guarantees and produce niche, proprietary and customised products for their clients. Notwithstanding that the completion of the acquisition of these companies occurred mainly in the 4th quarter of 2021, the contribution from this segment was evident with the revenue contribution from this segment amounting to RM46.1 million recognised in FY2021.

These quality acquisitions are a reflection of the Group's strategy to tap into the growing specialty chemicals industry and further strengthen the Group's foothold in the chemicals industry. This will allow the Group to solidify its position of leadership in the industry and create value for shareholders over the longer term.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

KEY RISKS AND MITIGATION

The Board is responsible for the system of risk management and internal control. Risk is a recognised part of the Group's every day activities. The Group adopts a risk philosophy aimed at maximising business opportunities and minimising adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

Credit Risk

Credit risk occurs when there is a loss in value as a result of a non-payment from debtor. The Group manages its exposure to credit risk by application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Liquidity Risk

The objective of the Group's liquidity risk management framework is to ensure that the Group can fulfil its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance or off-balance sheet.

Competition Risk

Competition makes us stronger and drives us to deliver better solutions. With a preferred position with our distribution partners, the Group continuously enhance our core strengths to solve its customers' increasingly complex problems in order to be the industry's top choice for agriculture solution providers. The Group will continue to explore new markets and business opportunities to enable the Group to expand its customer base and to achieve business growth. The emphasis is on long-term partnerships with customers who are committed to sustainable business relationships.

Foreign currency exchange rates

As a large proportion of revenue and purchase are transacted in USD, there is a risk that significant fluctuations in the RM to USD exchange rate will affect the results of the Group. In order to minimise the Group's exposure to foreign currency fluctuations, we continue to monitor the exposure of foreign currency movement on a regular basis.

Political, Economic and Regulatory Risk

The Group could also be affected by economic uncertainty due to COVID-19 pandemic since it may affect our customers' demand and supply chain, adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the performance of the Group. Amongst others, risk of economic crisis, changes in interest rates, inflation, taxation and changes in political leadership would affect the Group as well.

DIVIDEND

Hextar has paid regular dividends to our shareholders since the acquisition exercise took place in 2019. We practice regular and healthy dividend payouts as recognition for the continuous support by our loyal shareholders. Our dividend payment is dependent on factors such as our performance during the year, our funding needs and our strategic objectives in the coming years.

In the financial year ended 31 December 2020, the total dividend of 4.0 sen per ordinary shares had been declared and paid amounting to approximately RM32.7 million

We continued to meet our obligations in 2021 and paid the first interim single-tier dividend of 1.0 sen per ordinary share amounting to approximately RM13.1 million on 28 December 2021 and subsequently on 25 March 2022, the Company paid the second interim single-tier dividend of 1.2 sen per ordinary share amounting to approximately RM15.7 million in respect of the financial year ended 31 December 2021.

The Company has provided an adequate balance between rewarding the shareholders and investors with appropriate returns while retaining sufficient profits to sustain growth in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

FUTURE PROSPECTS

Agriculture

The Agriculture segment had achieved another historical result for the financial year 2021 despite the challenges of the outbreak of COVID-19 and the implementation of movement control order. For year 2022, the segment will continue to intensify its sales and marketing efforts to secure more customers locally and overseas in order to penetrate new markets and expand its market share as well as continuously develop new products to improve our competitive advantage. Barring any unforeseen resurgence of COVID-19 and challenges ahead, the Group is well prepared, and the Board is confident that the segment will continue to contribute a sustainable income in year 2022.

Specialty Chemicals

Asia Pacific continues to provide the largest specialty chemicals market in year 2021. The market is expected to continue to grow, primarily driven by increasing industrial production and activities and recovery of the tourism industry by year 2022 across the world, leading to higher demand for specialty chemicals. The prospect for this Specialty Chemicals segment is expected to be positive as the industry continues to be resilient as Malaysia and the rest of the world are gradually opening up their borders in year 2022. Specialty Chemicals segment is expected to be the catalyst for our growth over the next year.

Consumer Products

The Consumer Products segment is changing its business direction from appointing a sole distributor to the use of various authorised distribution channels. The segment is also enlarging its product range to enhance its market share. This comes in tandem with rising consumer demand following the reopening of economic activities.

The Board is confident that the management team will execute appropriate strategic plans in order to continuously create long-term shareholder value.

CONCLUSION

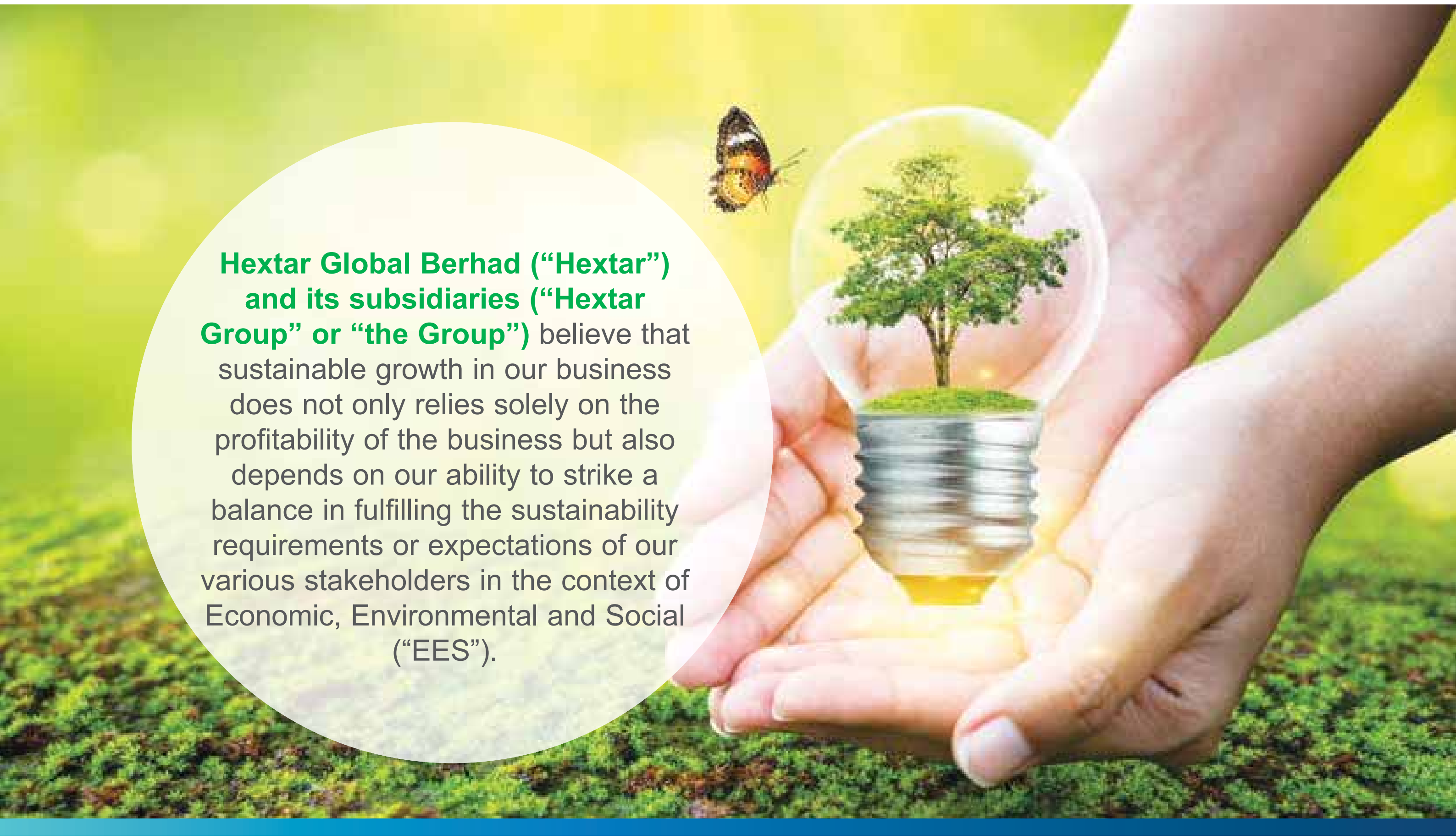
Hextar expects to continue its growth momentum and remains resilient backed by the Management's efforts and the Group's strategies and initiatives throughout the year.

Hextar is well-positioned to achieve improved business performance in future years. We continue to be attentive to the welfare of our clients, employees, business partners and in the area of sustainability, last but not least to also support the underprivileged communities as we have always done.

Sincerely,

Dato' Ong Choo Meng
Executive Director

SUSTAINABILITY STATEMENT



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

The impacts of the Group's operation towards the environment and local community, together with our sustainability targets are effectively analysed and monitored in accordance to our Environmental, Social and Governance ("ESG") Policy. As we continue to embed sustainability principles into corporate thinking and actions, we wish to emphasise that sustainability has always been and will continue to be an integral part of our corporate culture.

While business growth and financial performance are critical to our Group, we recognise that the pursuit of sustainability in environmental protection and social living standards are crucial as well.

The Board of Directors ("Board") is pleased to present this Sustainability Statement ("Statement") for the financial year ended 31 December 2021 ("FYE2021"), which illustrates our strategic approaches in achieving industry-standard sustainability governance across the Group within the Economic, Environment and Social pillars.

Reporting Scope

This Statement covers the sustainability efforts and performance in Hextar Group's operations in Malaysia within the EES contexts from 1 January 2021 to 31 December 2021, unless otherwise specified.

Reporting Guidelines and Principles

- Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities")
- Bursa Securities Sustainability Reporting Guide 2nd Edition
- United Nations ("UN") Sustainable Development Goals ("SDGs")

Materiality Assessment

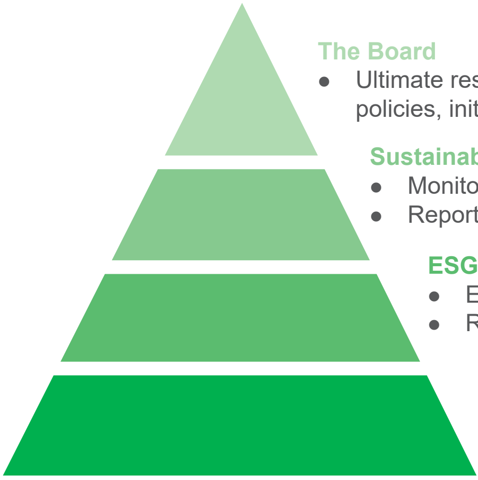
This year, we have reassessed the material matters related to our Group and various stakeholders within the EES contexts. Please refer to our Material Matters Matrix in this Statement for further details.

Feedback

Hextar is dedicated to engage with its stakeholders and welcomes any feedback on the sustainability reporting and performance. Relevant feedbacks, comments or enquiries on this Statement can be directed to hextarglobal@hextar.com.

SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY GOVERNANCE STRUCTURE



The Board
- Ultimate responsibility to oversee corporate sustainability strategies, policies, initiatives and performance

Sustainability Committee
- Monitor sustainability matters together with the Senior Management
- Report material sustainability matters to the Board

ESG Committee
- Establish ESG goals and action plans
- Report to Sustainability Committee

Department Sustainability Working Group
- Perform materiality assessment
- Monitor the implementation of sustainability initiatives
- Report to ESG Committee

We have established a clear governance structure to integrate and promote sustainability in Hextar Group. It provides a robust foundation to steer the Group towards achieving the sustainability objectives effectively.

The Board is ultimately responsible for the Group's long-term sustainability strategies and ensure our objectives are accomplished through proper management and monitoring. Our Sustainability Committee comprising Executive Directors, supports the Board by monitoring the implementation of sustainability plans to ensure that appropriate processes and controls are in place. The Sustainability Committee will report material sustainability matters to the Board on a timely manner.

This year, we have introduced a new ESG Committee comprising senior management and managers, to develop our ESG goals and action plans for a better sustainability management. The Department Sustainability Working Group formed by representatives from each department within the Group, is responsible to support the ESG Committee by ensuring that sustainability initiatives and measures are properly implemented and monitored.

SUSTAINABILITY STRATEGIES

In line with the growing concern on ESG globally, we have incorporated the "Governance" aspect into our Economic pillar as we recognise the governance management shall be managed together with our business performance management instead of isolating it as a single distinct pillar. With the arising awareness on sustainability, UN has initiated the 2030 Agenda for Sustainable Development, a shared blueprint for peace and prosperity for people and the planet, now and into the future, which has been adopted by all UN Member States since 2015. During FYE2021, the Group has put in efforts to contribute in achieving the following nine (9) SDGs: -

In alignment with the Paris Agreement agenda, Malaysia has committed to its own Nationally Determined Contribution (NDC), which aims to reduce Greenhouse Gas (GHG) emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. This consists of 35% on an unconditional basis and a further 10% conditional upon receipt of climate finance, technology transfer and capacity building from developed countries. Malaysia's NDC is supported by various policies across government ministries. We at Hextar are committed to strive to support Malaysia's NDC.

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDERS ENGAGEMENT

Stakeholders are those who are affected by our business activities and those who have the ability to influence our business operations. We have identified nine (9) key stakeholder groups that we engaged regularly, the material matters that they are concerned with and our engagement methods are tabulated as follows: -
s

Stakeholders	Stakeholders' Concerns/Material Matters	Engagement Methods
Investors	• Share price performance • Business performance • Business growth plans • Return on investments	• General meetings • Quarterly financial results and annual report • Company website • Announcement on Bursa Securities website
Government/ Authorities	• Regulatory compliance • Occupational safety and health • Permits and licenses • Corporate governance and regulatory compliances	• Meetings/visits • Verification/compliance audit • Quarterly announcement • Ad-hoc information disclosure
Bankers	• Financial and operational performance • Repayment capabilities	• Meetings/visits • Announcement on Bursa Securities website • Media release
Board	• Financial and operational performance • Business strategic planning • Continuous business and operational improvements • Interest of various stakeholders and shareholders	• Board meetings • General meetings • Company events
Employees	• Training and career development opportunities • Talent and performance management • Occupational safety and health • Competitive remuneration and benefit packages	• Training programs • Internal communications with Senior Management • Annual performance appraisal • Company events • Memo/newsletter
Customers	• Product quality and pricing • Customer satisfaction • Technological innovation • New products development • Competitive pricing and on-time delivery	• Regular meetings • Feedback survey • Advertisement and marketing events • Company website/social media • Phone calls/email communications

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholders	Stakeholders' Concerns/Material Matters	Engagement Methods
Suppliers	• Long-term business relationships • Supply chain management • Selection of suppliers and credit terms • Compliance to anti-corruption standards/ integrity	• Face-to-face interaction • Email communications • Supplier evaluation
Community	• Local job creation opportunities • Environmental impact arising from daily operations • Domestic economic support	• Corporate Social Responsibility ("CSR") Program • Company website/social media
Analyst/Media	• Financial and operational performance • Business strategic plan • Corporate governance	• General meetings • Media interviews and conferences • Media release

MATERIALITY ASSESSMENT AND APPROACH

Materiality assessment serves as one of our important steps to develop our corporate sustainability strategies by identifying and prioritising the material sustainability matters which are most relevant to our stakeholders and business operations. In FYE2021, we have reassessed our material sustainability matters in view of the ever-changing business environment with the materiality assessment approach as follows: -

IDENTIFICATION

Determine the material matters that are pertinent to the Group's business operations

ASSESSMENT

Examine material matters from both the business and stakeholders' perspectives

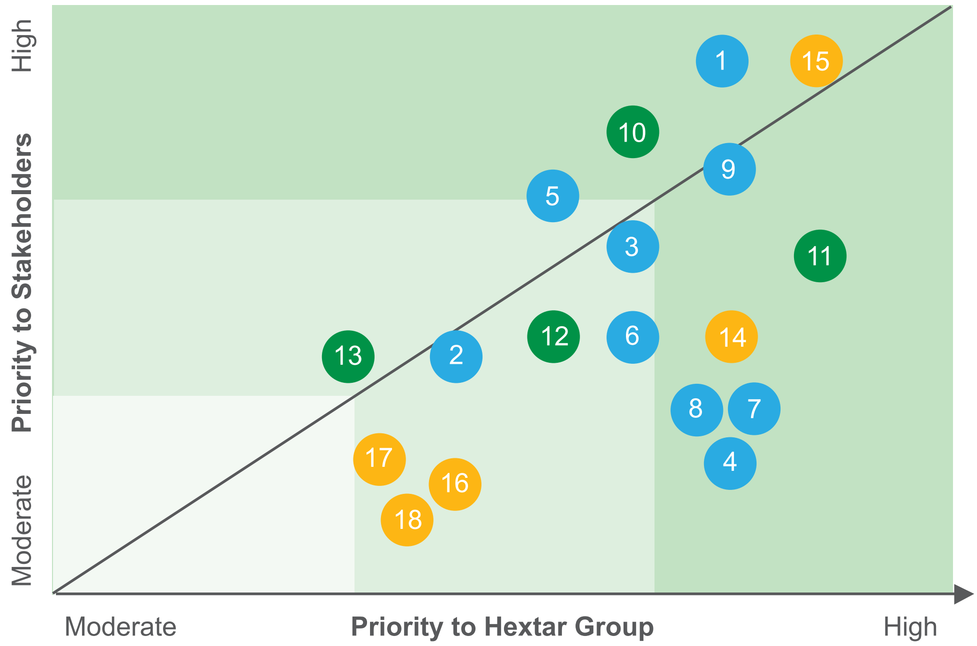
PRIORITISATION

Prioritise each material matter based on an analysis of its impact to the business and various stakeholders

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY ASSESSMENT AND APPROACH (CONT'D)

Based on our materiality re-assessment, we have identified and ranked eighteen (18) key areas which matter the most to our Group and stakeholders within the context of EES, scaling from "Moderate" to "High" in the following **Material Matters Matrix**: -



Economic	Environment	Social
1. Financial Performance	10. Material Management	14. Human Rights and Fair Employment
2. Business Expansion	11. Environmental Compliance	15. Occupational Safety and Health
3. Rewarding Shareholders	12. Waste and Pollution Management	16. Employee Training and Development
4. Product Recognition	13. Water and Energy Efficiency	17. Employee Engagement and Well-Being
5. Quality Assurance		18. Contribution to Community
6. Corporate Governance and Risk Management		
7. Research and Development		
8. Supply Chain Management		
9. Customer Relationship Management		

SUSTAINABILITY STATEMENT
cont'd

OUR SUSTAINABILITY GOALS VS FYE2021 PERFORMANCE AT A GLANCE

Economic

ZERO tolerance to bribery or corruption

ACHIEVED ZERO bribery or corruption case in FYE2021.

Environment

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

Our base data for year 2021 renewable energy source is 0%. We propose to **INSTALL OUR FIRST SOLAR PV SYSTEM** at our factory located in Pulau Indah, Selangor in year 2022.

To reduce Class I (Highly Poisonous) product portfolio from current 3.4% to 2.5% and Class II (Poisonous) product portfolio from current 24.9% to 17.5% by year 2026

In FYE2021, our current product portfolio: -

Class I products = **3.4%**
Class II products = **24.9%**

* *Kindly refer to page 43 for futher details.*

Social

30% of the Board are women by year 2024

16.7% women directors in the current Board as at 31 December 2021.

30% of top Management are women by year 2030

29% top Management are women as at 31 December 2021.

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

ACHIEVED ZERO incidence of discrimination or any violence in labour law in FYE2021.

ZERO incidence of fatalities

ACHIEVED ZERO incidence of fatalities in FYE2021.

ZERO tolerance to avoidable incidence of work-related injuries

ACHIEVED ZERO avoidable incidence of work-related injuries in FYE2021.

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

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

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC

Sustainable economy which leads to a long-term value creation that extends to more than just the monetary benefit generated from business, has always been our ultimate goal. Prior to achieving the ultimate goal, we have to ensure that our business is not only growing but performing well continuously.

FINANCIAL PERFORMANCE

REVENUE
RM464.1 million
FYE2020: RM418.6 million
FYE2019: RM337.3 million

GROSS PROFIT
RM105.0 million
FYE2020: RM91.0 million
FYE2019: RM65.8 million

PROFIT AFTER TAX
RM39.2 million
FYE2020: RM44.5 million
FYE2019: RM2.4 million

It is another remarkable year for Hextar Group to achieve an outstanding financial performance in FYE2021. In spite of the soaring raw material prices due to global supply chain disruption, our economic resilience is proven by our business expansion strategy via venturing into specialty chemicals segment as well as effective business management in our agriculture segment resulting in better revenue contribution.

Despite achieving record-high revenue in FYE2021, we recorded a lower PAT due to costs incurred for various corporate exercises undertaken during the year and weaker performance from our consumer products segment.

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

Further analysis on the financial performance for FYE2021 can be referred to Management Discussion and Analysis ("MD&A") section in this Annual Report.

BUSINESS EXPANSION

Expansion of Chemical Arm into Specialty Chemicals Segment

In tandem with the increasing awareness on good hygiene as a result of Covid-19 pandemic, specialty chemicals products such as latex polymer coatings, cleaning chemicals, chlorine sanitisers are in rising demand from glove makers, food and beverage retailers and caterers, food processors, hospitals as well as hotels.

Being a key player in the chemical industry, the Group has seized the opportunity to venture into specialty chemicals segment in FYE2021. We strongly believe that the said venture is complement to our existing chemical business segment and great synergies can be created while the Group's foothold in the chemical industry can be further strengthened.

Throughout the year in FYE2021, the Group has acquired several companies involving in manufacturing of specialty chemical as follows: -

(a) Acquisitions of 100% interest in Chempro and Alpha Aim ("Chempro Group"), companies that are involving in trading and manufacturing of specialty cleaning chemicals products. These acquisitions allow us to penetrate into specialty cleaning chemicals market immediately. The said acquisitions were completed on 23 July 2021;

(b) Acquisitions of 100% interest in Nobel Synthetic Polymer Sdn Bhd and Nobel Scientific Sdn Bhd ("Nobel Group"), companies that are involving in manufacturing and supply of customised anti-tack rubber lubricant and coatings for the rubber industry as well as chemical derivatives and related products. Nobel Group has its in-house research and development ("R&D") capabilities where we see great potential in commensurate to the Group's specialty chemicals segment as a whole. We also have high hopes in its ability to grow further in view of Malaysia as the world's largest rubber glove manufacturing country. The said acquisition was completed on 18 November 2021;

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

BUSINESS EXPANSION (CONT'D)

Expansion of Chemical Arm into Specialty Chemicals Segment (Cont'd)

Throughout the year in FYE2021, the Group has acquired several companies involving in manufacturing of specialty chemicals as follows: - (cont'd)

(c) Acquisition of 49% interest in Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd) ("Hextar Kimia") and its subsidiaries ("HKSB Group"), companies that are involving in the supply of specialty chemicals, catalysts and odorants and ancillary services to the oil and gas ("O&G") and petrochemical industries in Malaysia, Australia and New Zealand. This acquisition allows us to leverage on its existing track record, significant presence in Australia and New Zealand, core competencies in undertaking business with Petronas Group and vast experience in handling hazardous chemicals to support both our existing agrochemical and the newly diversified specialty chemicals segment. The said acquisition was completed on 30 November 2021; and

(d) Acquisition of 100% interest in TufBond Technologies Sdn Bhd ("TufBond"), a company that is involving in manufacturing of various types of synthetic latex polymers. This acquisition allows us to expand our customer base further to cover the textile, automotive and construction industries. The said acquisition was completed on 2 December 2021.

The acquisitions above have marked our contribution in gearing towards SDG Target 8.2 - to achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Expansion in O&G Industry Upstream and Downstream Segment

Leveraging on Hextar Kimia's core competencies and well-established track records in O&G industry, we have further expanded our footprint by tapping into the upstream segment of O&G market for the supply of oilfield integrity and production chemicals. We have employed seven (7) experienced personnel and appointed a new principal distributor namely ARKEMA France, to support our O&G upstream expansion plan.

In addition, Hextar Kimia has introduced two (2) new products to the O&G downstream segment market, namely the CORTEC's corrosion management products and Clariant's refinery fuel additives. The CORTEC's corrosion management products can protect metals from rusting and corrosion, while the Clariant's refinery fuel additives can increase production flexibility and create high fuel performance.

Consortium to Establish Digital Banking

Hextar has on 21 July 2021 entered into a consortium with Arcadia Acres Sdn Bhd ("Arcadia") and Ihsan Equity Sdn Bhd ("Ihsan") for an application of digital banking license from Bank Negara Malaysia. This collaboration, through the sharing of respective expertise and platform, is aimed to develop a Syariah-compliant digital bank with the objective to promote financial inclusion and literacy to the underserved community which might be facing challenges in accessing finance, financial education, and financial freedom.

Whilst growing business in this digital era, we are of the view that digital banking will complement to our business by providing financial assistance to support the industry and the domestic economy as a whole. With this, we are gearing towards the SDG Target 8.10 - strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

REWARDING SHAREHOLDERS

Bonus Issue

In light of the spike of profit in financial year ended 31 December 2020 ("FYE2020"), Hextar had on 28 June 2021 declared a bonus issue of up to 492.4 million new shares on the basis of three (3) bonus shares for every five (5) existing ordinary shares hold. This is to reward our shareholders for supporting the Group over the years and to promote a greater participation from a broader range of investors.

Dividend Distribution

Aside from the bonus issue, payment of dividend usually indicates the Group's success and favorable earnings projections which shall further enhance our shareholders' confidence level towards the Group. We are pleased to highlight that we have declared two (2) interim single-tier dividends with 1.0 sen and 1.2 sen per share respectively to our shareholders in FYE2021. The total dividend declared of 2.2 sen per share amounted to a total of RM28.75 million, indicating a payout ratio of 73.3%.

We wish to express our utmost gratitude to our shareholders for their long-term support. Barring any unforeseen circumstances, we will continue to declare dividend to mark our appreciation to the loyal shareholders and to boost/maintain their confidence towards our Group's business performance.

PRODUCT RECOGNITION

Good product recognition with positive and reputable branding allows us to stand strongly in the market. With the inclusion of new business segment, we are now having three (3) distinct major product segments as follows: -

Agrochemical

With the Group's extensive brand awareness in global presence, we stand out as a leading player in the agrochemical industry. We offer a wide range of branded agrochemicals, including herbicides, insecticides, fungicides, rodenticides, nematicides, molluscicides and miticides. To date, we own, produce and offer more than 600 branded agrochemicals products to over 30 countries worldwide.

Specialty Chemical

With several acquisitions took place during the year, we can now offer specialty chemical to a broad category of industries.

Chempro Group, our new wholly-owned subsidiaries, are one of the leading manufacturers of specialty cleaning products for the institutional, food and beverage, industrial as well as rubber glove manufacturing industry. Products offered are liquid detergent, liquid emulsifier, laundry powder, hand sanitiser, rust stain remover, grease and oil degreaser, polymer coating and etc.

Further information on our product range is available in our subsidiary's website at https://www.chempro.com.my/products-services. During FYE2021, we have launched some new products such as fog sanitiser, chlorinated alkaline cleaner for institutional and food industries and polymer coating.

On the other hand, both Nobel Group and TufBond are specialised in the manufacturing of synthetic latex polymers that is used to produce paints, coatings, tapes and textiles. This year, TufBond has extended its product range by introducing new products to the market, namely Polymer 8002 Acrylic Emulsion, 651FB Acrylic Emulsion, D105 Acrylic Emulsion and TufBond 739SE Acrylic Emulsion, where all are polymers for industrial use.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

PRODUCT RECOGNITION (CONT'D)

Consumer Products

Our range of consumer hygiene products have penetrated into our consumers' daily lives. We produce quality paper, cotton and wipes products under our own brands such as Adeeva, TenderSoft, Evelyn, Bunnies, Every Woman, Tenders and Protect. We distribute our products via established distributors, hypermarkets, supermarkets and dealer networks. In FYE2021, we have introduced a new product, Pulppy toilet rolls to the consumer market.

All of our products from different segments are labelled with proper disclosure of the product information and chemical contents in accordance to the relevant regulations and guidelines. We are committed to enhance our products variety as well as our market presence so as to sustain and grow our business in all segments.

QUALITY ASSURANCE

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

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

ISO	**International Organisation for Standardisation ("ISO")** ● ISO is a worldwide standard to ensure the products and services are safe, dependable and of high quality. ● Our products across various segments, including agrochemicals, specialty chemicals and tissue papers are ISO certified. ● A minimum of annual review will be carried out by the certification authority to ensure that our compliance and production standards are satisfactory.
GMP	**Good Manufacturing Practice ("GMP")** ● GMP governs the manufacturers, processors, and packagers of drugs, medical equipment, blood and certain foods to ensure that the products are in safe, pure and effective conditions. ● Our consumer hygiene products are GMP regulated and certified. This has proven that our relevant products are both reliable in quality and safety.
FSC®	**Forest Stewardship Council ("FSC")** ● FSC is an original pioneer of forest certification body that promote environmentally appropriate, socially beneficial and economically viable management of forests. ● With FSC certification, our products are certified to be using sustainable raw materials and we are contributing in shifting the global forest trend toward sustainable use, conservation, restoration and respect for all.

SUSTAINABILITY STATEMENT

cont'd

ECONOMIC (CONT'D)

QUALITY ASSURANCE (CONT'D)

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

Entity		Scope of Accreditation
Agrochemical	Halex (M) Sdn Bhd	**ISO 9001:2015** Formulation, manufacture and repacking of Herbicides, Fungicides, Insecticides, Fertilisers and Agrochemicals
	Hextar Chemicals Sdn Bhd	**MS ISO 9001:2015** Manufacture, formulate, repacking and marketing of agricultural and industrial chemicals **ISO 45001:2018** Manufacture, formulate, repacking and marketing of agricultural and industrial chemicals
	Hextar R&D International Sdn Bhd	**MS ISO/IEC 17025:2017** Accredited laboratory
Specialty Chemical	Hextar Kimia Sdn Bhd	**ISO 9001:2015** Corporate support services for supply and delivery of chemicals
	Chempro Technology (M) Sdn Bhd	**ISO 9001:2015** Development, manufacture and marketing of specialty chemicals **ISO 45001:2018** Development, manufacture and marketing of specialty chemicals **SIRIM ECO 003:2004** Biodegradable cleaning agents **Certification of Authentication Halal** Several cleaning agents, softeners and conditioners
Consumer Products	Halex Woolton (M) Sdn Bhd	**ISO 9001:2015** Design, formulation and manufacture of wet wipes products and converting of tissue paper products **FSC® Chain-of-Custody** Purchase of FSC mix certified tissue paper in roll, processing using transfer system and sales of FSC mix tissues products **MS 2200 Part 1:2008** Halal certification for: - ● Contract manufacturing/OEM; and ● The following products: - ○ Adeeva antibacterial fragrance-free wipes ○ Adeeva antibacterial wipes ○ Adeeva baby wipes ○ Tea tree make up remover cleansing wipes ○ TenderSoft antibacterial wipes ○ TenderSoft baby wipes ○ TenderSoft fragrance-free baby wipes

ECONOMIC (CONT'D)

QUALITY ASSURANCE (CONT'D)

Entity		Scope of Accreditation
Consumer Products	Halex Woolton (M) Sdn Bhd	**GMP** Wet wipes **Quatest-3, CR Logo (Quality Assurance and Testing)** Dry tissues, wet wipes, cotton **Business Social Compliance Initiative ("BSCI") and Underwriters Laboratories ("UL")** Certain OEM dry tissues and wet wipes

CORPORATE GOVERNANCE AND RISK MANAGEMENT

We are cognisant of the fact that business sustainability goes hand in hand with ethical and transparent business culture and practices. In line with the Malaysian Code on Corporate Governance 2021, we strive to uphold good corporate governance practices at all times. In fostering our business towards SDG 16, our people and operations are guided by the following policies implemented across the Group: -

Corporate Code of Conduct & Ethics ("Code")

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

Anti-Bribery and Corruption Policy ("ABCP")

- The Group has zero-tolerance against all forms of bribery and corruption.
- The Group is committed to acting professionally, fairly and with integrity in all business relationships and dealings.
- Due diligence shall be conducted before entering into any formalised relationship.
- "No Gift" policy is implemented.
- Facilitation payments are strictly disallowed.

Whistle Blowing Policy

- To make report for any suspected and/or known fraud or unethical/improper conducts.
- For every disclosure made in good faith, all concerns or complaints raised will be treated fairly and with confidentiality in order to protect the whistleblower.
- Investigation will be conducted and appropriate disciplinary actions will be undertaken, if applicable.

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

CORPORATE GOVERNANCE AND RISK MANAGEMENT (CONT'D)

All the Code, ABCP and Whistle Blowing Policy are published on our website at https://www.hextarglobal.com/ir.php. During FYE2021, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against Hextar and its employees due to non-compliance with our Code, ABCP and/or any laws and regulations. Thus, no fines, penalties or settlements were imposed or made during the year.

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

RESEARCH AND DEVELOPMENT

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

During FYE2021, Hextar Biogas BEE Sdn Bhd ("Hextar Biogas BEE") has also performed R&D on the usage of enamel coated steel and explore cooperation opportunities for the investment in biogas engineering projects.

Usage of Enamel Coated Steel

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

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

Exploring Cooperation Opportunities in Biogas Engineering Projects

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

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

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

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

RESEARCH AND DEVELOPMENT (CONT'D)

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

SUPPLY CHAIN MANAGEMENT

Sustainable and effective supply chain management is one of the keys to our operational efficiency. Suppliers' capabilities, product/services quality and competitiveness are pivotal to our supply chain. Hence, we conduct supplier assessment at least once a year to evaluate whether the suppliers are up to our stringent requirements.

Parameters such as quality, pricing, timeliness of delivery, packaging, compliance to Health, Safety and Environment ("HSE") requirement and technical support are taken into consideration in our assessment. Any suppliers who do not meet our criteria will be ruled out.

As part of our efforts to support the local economy and gearing towards the SDG Target 8.1, except for Hextar Biogas BEE and International Chemical Engineering Pty Ltd (a subsidiary of Hextar Kimia) ("ICE"), at least 67% of our procurement were made within Malaysia. The exclusion of Hextar Biogas BEE and ICE from the computation is mainly due to the exclusive requirement on equipment and construction materials in view of the specific business nature as well as the unique location of operation at overseas respectively. Moving forward, we will continue to support the local economy by sourcing available raw materials locally, whenever possible.

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

CUSTOMER RELATIONSHIP MANAGEMENT

Customer is always the king in business world. Hence, we take customer satisfaction seriously. Regular engagement with customers enables us to understand their needs and expectations for our continuous improvements.

Specifically in our agrochemical segment, we provide more than just the products, as we support our customers with a full range of customer service from pre-sales stage to post-sales stage as follows: -

Pre-Sales	On-Site	Post-Sales
Product Demonstration	Field Testing Session	Provide Technical Advice to Improve Customers' Crops Yield

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC (CONT'D)

CUSTOMER RELATIONSHIP MANAGEMENT (CONT'D)

Across the Group's operation, customer satisfaction survey is carried out in respective segments to evaluate our products and services provided. Although different criteria are being adopted in different business segments, our customer satisfaction survey generally covers the following criteria to gain insights and feedbacks from our customers: -

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

Any complaints or feedback received from our customers are handled by our people within a short period of time in accordance to our internal Standard Operating Procedures. In FYE2021, we received 18 complaints and we have addressed all complaints promptly and professionally. We take all positive or negative feedbacks constructively by developing customers' feedback into appropriate improvement plans to enhance our quality of products and services.

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

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT

In line with SDG 12 to ensure sustainable consumption and production patterns, Hextar is mindful that preserving environment is inevitably part of our responsibilities. We have to strike a right balance between business expansion and environmental footprint.

MATERIAL MANAGEMENT

Our material management aims to reduce negative environmental consequences whilst controlling the on material cost. We have implemented several practices in our business operations to conserve material resources.

In our chemical industry, chemical itself is hazardous material (also known as dangerous goods) that may pose potential hazard to health, safety and/or environment. Therefore, proper handling of chemical products is essential to safeguard our people and protect the environmental well-being.

The Malaysian Pesticide Board has classified all registered pesticides into four classes according to their level of toxicity to human beings. Class I is highly poisonous and is usually only used by trained persons. Class II is classified as poisonous. Class III is labeled as harmful and the least toxic group is classified in Class IV

To reduce the use of harmful raw materials	To dispose waste in accordance to applicable regulatory requirements
To reuse and recycle materials and resources, whenever applicable	To minimise waste or emission to the environment

We plan to reduce our Class I and Class II product portfolio gradually and we have set the goal to be achieved by 2026 as follows: -

Category	Category	Performance in 2021	Goal by 2026
Class I	Highly Poisonous	3.4%	2.5%
Class II	Poisonous	24.9%	17.5%
Class III	Harmful	49.3%	55.0%
Class IV	Least Toxic	22.4%	25.0%

ENVIRONMENTAL COMPLIANCE

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

Laws and Regulations	Our Commitments
Wastewater Discharge ➢ Environmental Quality (Industrial Effluent) Regulations, 2009	• Monthly water effluent lab test by third party • Compliance to Industrial Effluent Registration (Tenth Schedule) • Conduct of Chemical Oxygen Demand test via weekly waste water analysis
Scrubber System ➢ Environment Quality (Clean Air) Regulations 2014	• Appointment of a competent person for scrubber system • Conduct of Air Emission Monitoring • Conduct of Local Exhaust Ventilation ("LEV") Assessment

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (CONT'D)

ENVIRONMENTAL COMPLIANCE (CONT'D)

Laws and Regulations	Our Commitments
Waste Disposal ➢ Environmental Quality Act 1974 ➢ Environmental Quality (Scheduled Wastes) Regulations, 2005	• Disposal of general waste to regulated landfills • Disposal of scheduled waste to approved disposal facility • Erection of scheduled waste storage cage bund • Adoption of e-consignment note for scheduled waste
Noise Exposure ➢ Environmental Quality Act, 1974 ➢ Occupational Safety and Health (Noise Exposure) Regulations 2019	• Conduct of Boundary Note Measurement • Conduct of Noise Risk Assessment • Conduct of Baseline and Annual Audiometric Testing
Chemical Management ➢ Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000 ➢ Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2003	• Registration of chemical raw material and finished goods • Proper labelling on all products • Preparation of Personal Protective Equipment ("PPE") for workers in production • Conduct Chemical Health Risk Assessment and training on Hazard Logo Identification as well as PPE Usage for all production staff • Usage on enclosed mixing system with vacuum system and scrubber system • Installation of LEV system
Poison Management ➢ Environmental Quality Act, 1974 ➢ Poison Act Regulation, 1952 ➢ Department of Environment Guided Self-Regulation ("GSR")	• Adoption of poison signed order form and poison wholesale sales book • Registration of poison license • Implementation of ISO 14002:2015 Policy • Maintenance of effluent treatment plant and scrubber system • Formulation of Environmental Performance Monitoring Committee and Environmental Regulatory Compliance Monitoring Committee • Identification of competent person on: - o Certified Environmental Professional in Scheduled Waste Management (CePSWaM) o Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (Biological Processes) (CePIETSO-BP) o Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems - Physical Chemical Processes (CePIETSO-PCP) o Certified Environmental Professional in Scrubber Operation (CePSO) • Transparency of information on eco-labelling products

We are pleased to inform that no penalty or fine was imposed to the Group for any non-compliance in environmental regulations during FYE2021. We are also committed to responsible sourcing by selecting suppliers who uphold high standards on environmental management. In order to achieve such objective, we will embark on a pilot environmental risk assessment on our suppliers to cover several environmental criteria in financial year ending 31 December 2022.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (CONT'D)

WASTE AND POLLUTION MANAGEMENT

On top of the environmental regulatory compliance, we have addressed the growing concerns on responsible waste and pollution management via proper disposal of wastes generated from our production activities. We have recorded wastes generated from our operations and the respective disposal method as follows: -

	Waste Generated	Total Weight Generated (kg)	Disposal Method
Scheduled Waste	SW 204	1,000	Approved disposal facility/ waste management company
	SW 410	20	
	SW 409	100	
	Spent activated carbon	3,443	
	Contaminated diesel	2,532	
	Metal waste	158,405	
	CIP rubber waste	159,200	
	Liquid latex	13,000	
	Contaminated containers	150	
	Used contaminated cotton rags/ gloves/masks	570	
	Empty/used drum	11,484	To reuse, if possible. To dispose to approved disposal facility, if not reusable.
Effluent	Treated supernatant – M99E	2,000	Repurpose by waste water treatment plant
General Waste	Plastic	7,500	Recycling centre
	Paper	30,000	
	Rubbish waste	14,000 to 18,000	Waste management company

Waste management are monitored by our production/operation manager at respective operation sites. We attempt to reduce, reuse and recycle any waste generated, as appropriate.

SUSTAINABILITY STATEMENT
cont'd

ENVIRONMENT (CONT'D)

WATER AND ENERGY EFFICIENCY

While promoting energy efficiency externally, we also advocate water and energy efficiency within our operations in order to lower down our carbon footprint while reducing the operating costs. Across the Group, we are actively executing the following water and energy efficiency initiatives: -

01	Electrical and Water Saving	Manage production schedules effectively and reduce unnecessary electricity and water consumption in the office.
02	Less Paper	Reduce paper use with replacement of electronic softcopies.
03	Leverage Technology	Reduce business travel with the use of technology for meetings and communication.
04	Carpool	Encourage people to take public transportation or carpool to and from work.
05	Flexible Working Time	Grant our sales and marketing team some flexibility in their working hours to save time, effort and fuel consumption.
06	External Training	Hire external trainers to conduct trainings in our office whenever possible to maximise the use of our office facilities.
07	Regular Maintenance	Perform regular and scheduled maintenance on our machines and vehicles to ensure optimal performance and efficiency.
08	Water Reclamation	Collect rainwater for rinsing and any outdoor related operations.
09	Energy Consumption	Adopt LED lightbulbs and solar power to reduce energy consumption.

In addition, we promote water efficiency in supporting of SDG 6 using different types of water, including treated water, tube well water and reverse osmosis ("RO") water, based on their most suitable functions in our operations. Particularly, treated water is mainly used for office, lab and canteen, while tube well water and RO water are used in operations for cleaning purpose and production use respectively.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL

Hextar recognised that our people are the most valuable assets to the Group as the business cannot grow or sustain without the efforts and contributions from our people. Hence, we put in enormous efforts to build and sustain a healthy and well-balanced working environment continuously.

HUMAN RIGHTS AND FAIR EMPLOYMENT

In Hextar, we uphold the principles of fairness, dignity, respect and equality in our workplace. Any form of discrimination such as age, gender, race, religion, nationality and disability are strictly prohibited. Equal opportunities shall be provided to encourage a diverse, dynamic and motivated workforce.

As advocated by SDG 5 to achieve gender equality, we have set the target of 30% women participation in both the Board and top Management by 2024 and 2030 respectively. As at 31 December 2021, we have 16.7% women representative in the Board and 29% women representation in top Management.

On 3 December 2021, we have introduced several new human resource policies as part of our effort in gearing towards SDG 10 for an equal treatment in our workforce: -

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

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

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

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

All the above-mentioned policies are available on the Company's website at https://www.hextarglobal.com/ir.php. We are glad to highlight that no incidence of discrimination, harassment, violence, forced labour or child labour in our workplace was reported during FYE2021.

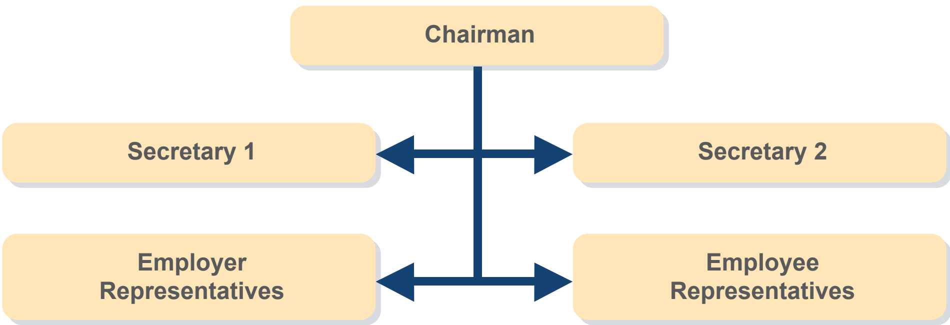
Hextar also applies this high sustainability standards on our suppliers. On top of quality and environmental considerations, our suppliers are also evaluated based on human rights, workplace standards and ethical conduct management. As part of our effort to uphold and promote sustainability, we will embark on a pilot social risk assessment on our suppliers to cover freedom of association, child labour and forced labour in FYE 2022.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH

Safety and health of our people are always the top concern of the Group as a responsible organisation. In supporting SDG 3, we have established a Safety, Health, and Environmental ("SHE") Committee to develop, review, and disseminate safety and health standards and procedures, monitor compliance to various occupational safety and health requirements/regulations and recommend corrective actions for any identified hazards to our employees in order to maintain a safe and healthy working environment.



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

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

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

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

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

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

We are proud to announce that the Occupational Health and Safety Management System of our subsidiaries namely Hextar Chemicals, Chempro and Alpha Aim are certified with ISO 45001:2018.

Under our stringent control on occupational safety and health affairs in Hextar Group, we are pleased to inform that we have successfully achieved our goal of having zero incidences of fatalities for Hextar employees and contractors and achieved zero work-related injury in FYE2021.

With regards to the Covid-19 outbreak, we wish to inform that all our employees have been vaccinated with at least 2 compulsory doses as at 31 December 2021 except for an employee who is not allowed to accept vaccination due to personal health reason. However, we regret to inform that some of our employees were tested positive for Covid-19 in FYE 2021. Nevertheless, they are all fully recovered now.

We are glad that we have come to an end of the pandemic phase and stepping into the endemic phase by 1 April 2022. Nonetheless, we will still continue to maintain good hygiene practices at our workplace in order to protect our people's health and safety continuously.

EMPLOYEE TRAINING AND DEVELOPMENT

Hextar would not be where we are today without the contribution from our dedicated employees in turning our vision into reality. We strive to future-proof our people with conducive and knowledge-sharing corporate culture as well as continuous development opportunities. We recommend our employees to participate in suitable training programs for their career advancement. During FYE2021, the following training programs were conducted, both internally and externally across our Group: -

Employee Training and Development Programs in FYE2021	
Professional Training	Managing Sales Tax Exemption Facilities & Scrap/Waste Disposal
	Scheduled Waste Risk & Hazard Assessment
	Chemical Spillage and Hazardous Logo Identification
	Scheduled Waste Analysis & Characteristic
	Guideline for Waste Card Preparation (7th Schedule)
	Do's and Dont's in Scheduled Waste Packaging, Labelling and Storage
	Scheduled Waste Handling and Spillage Management
	Understanding The Chemical Applications
	Clarifier Unit Design Analysis
	IETS - Technical Control Operational Analysis
	Execution & Optimisation for Chemical & Biological Process of Industrial Effluent Treatment Operations
	Halal Awareness
	Metal Free Policy
	Inhouse Chemical Handling
	Inhouse GMP Training
	Environmental Management of Waste Water Treatment - The Science, Technology & Design
	Safe Handling of Hazardous Chemical
	M to M Sales Strategies & Planning
	Tools to Streamline Environmental Management
	Business Continuity
	Effective Sewage and Industrial Effluent Control
	Auditing Scheduled Waste Management
	Environmental Aspect-Impacts with Risk & Opportunity & Life Cycle
	Course for CePSWaM
	The Holistic Treatment Approach of Raw Water and Boiler Water

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

EMPLOYEE TRAINING AND DEVELOPMENT (CONT'D)

Employee Training and Development Programs in FYE2021 (Cont'd)	
Technical Training	Navigating Tax Audit and Investigation
	Understanding Dismissal and Termination
	Engineering, Science & Technology Conference 2020
	Withholding Taxes and Other Related Tax Issues
	Basic Tax Compliance for Tax Professionals
	Sales Service Tax (SST) Latest Updates - Common Implementation
	Data Management with PivotTable using Microsoft Excel
	Fast Track Excel Advanced
	Incident Investigation and Analysis Technique
	Malaysian Customs Procedures
	Strategic Procurement and Inventory Management System
	Understanding Benefits and Risks of Incoterms 2020
Soft Skills Training	Train The Trainer
	English Grammar Session
	Corporate Dressing & Personal Grooming
	Disciplinary Procedure
	Successful Project Scheduling Common Mistakes and How to Avoid Them
	Effective Business Presentations Tools with PowerPoint
	Interpersonal Communication & Logical Thinking Strategies
	Basics of Disciplined Agile
Safety Training	PPE Training
	Forklift Operators' & Safety Training
	Webinar Training Safety at Workplace
	Basic Occupational First Aid, CPR & AED
	Talk on Introduction to Hazard and Operability
	Sanitation Process
	Kesedaran Mengenai Risiko Pengurusan Gas Pembau
	Pengurusan Gudang & Inventori Yang Berkesan

EMPLOYEE ENGAGEMENT AND WELL-BEING

Good Hygiene Starts with You and Me

Living with Covid-19 outbreak since 2020, Hextar has been advocating healthier and safer lives at all times. Every Hextarian was provided with a complimentary compact-sized hand sanitiser at workplace. Let's stay safe and practice good workplace hygiene!

Sharing of Joy in the Festive of Chinese New Year

Gong Xi Fa Cai! Our Hextarians received fortune cookies as a token of blessing and good fortune from Hextar in the spirit of Chinese New Year. We have a "God of Wealth" and "Qing Dynasty Princess", costumed by our employees, to distribute the fortune cookies to our people in a joyful day.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

EMPLOYEE ENGAGEMENT AND WELL-BEING (CONT'D)

Vision Care for Hextarian

In view of the increasing awareness on eyecare in this digital era, Hextar has collaborated with SpecTruck, a start-up optical establishment who offers full optical services with the convenient of time and transportation via mobile trucks to offer optical services to Hextarians.

With the roll out of such event, we wish our Hextarians to have a good vision health. Moving forward, we will continue to promote more employee wellness programs to build and maintain a healthy workplace for Hextarians.

CONTRIBUTION TO COMMUNITY

We are in cognisant that contribution to community is part of our social responsibilities.

Collaboration for Solar Initiatives

As a responsible entity, we always promote efficient use of water and energy as both are valuable resources.

On 24 November 2021, we have collaborated with Rubberex Corporation (M) Berhad and Pekat Group Berhad to pool our resources to donate, design, supply and install a comprehensive 154.44 kWp solar PV system for Tung Shin Hospital. This is part of our ESG efforts to help the hospital in reducing its electricity bill and carbon footprint while serving the community for a better future.

Push for Malaysia Hextar Challenge

As part of our effort to succour the society and promote awareness of fitness during Covid-19 pandemic, in collaboration with The Hope Branch and Uncle Kentang, we have introduced the "Push for Malaysia Hextar Challenge" which challenges Malaysians to perform burpees in the timespan of 26 days from 1 September 2021 until 26 September 2021. By promoting this challenge via social media, we wish to lend a helping hand to the afflicted community as well as to convey the message of having fun and stay motivated and healthy during the hard time.

Every burpee performed counts, as Hextar will donate certain allocated funds to the charity partners each time hitting a different burpee milestone set. We are proud to share that we have attracted more than 720 video submissions with 71,249 burpees performed. This burpee challenge has raised a total of RM40,450 donations to the charity organisations. Cash prizes up to RM15,000 were also rewarded to the fellow winners of the challenge. We thank all the participants who supported the event and spread the positivity across the community during the tough times.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

CONTRIBUTION TO COMMUNITY (CONT'D)

Breaking Ground and Protection Care for Future Generation

Further to our RM2.5 million financial supports to Good Samaritan Home ("GSH") to build a new orphanage in FYE2020, we had on 22 April 2021 attended the Groundbreaking Ceremony for construction of the new GSH. We feel great to be the main sponsor for this social contribution as the new GSH shall provide a better shelter to house more orphanage/vulnerable children and hopefully they will in turn contribute to the society in future.

Hextar has continued its philanthropic relationship with GSH with its recent donation of 5,000 protection face masks to 40 children and staff as part of the efforts to ensure they stay protected in the Covid-19 pandemic.

No Poverty, No Hunger

In collaboration with Kechara Soup Kitchen ("KSK"), a non-profit and non-governmental organisation founded in 2008 to provide food, basic medical care and welfare assistance to the homeless and urban-poor families in Malaysia, Hextar has donated 450kg of capsicums to KSK's Food Bank. This has served as part of our Group's ESG initiatives and commitment to SDG 2, Zero Hunger.

The capsicums were delivered in three (3) batches to KSK's Food Bank in Setapak. The capsicums were then distributed by KSK to the registered poor families and partner charity homes. A team of volunteers from Hextar has also participated in the surplus distribution in PPR Kota Damansara to registered families up to 151 headcounts. During the event, aside from capsicums donated by Hextar, other vegetables and fruits such as onions, potatoes, bananas, limes and papayas were also collected from various supermarkets and grocery stores for the distribution to the needy as well.

Flood Relief

It was an unfortunate news that Selangor and Kuala Lumpur was heavily hit by flash flood in December 2021 due to continuous heavy rain over the weekend. Hextar has donated essential items to three (3) non-governmental organisations including The Hope Branch, Kembara Kitchen and Ti-Ratana Welfare Society, for their distribution to the flood victims.

Our donated items include food, drinking water, shampoo, body wash, towels, pillows, blankets, medications, electrical appliances such as kettles, rice cookers, gas burners, standing fans as well as our own products such as sanitisers, mosquito killers and toilet rolls.

SUSTAINABILITY STATEMENT
cont'd

SOCIAL (CONT'D)

CONTRIBUTION TO COMMUNITY (CONT'D)

Flood Relief (Cont'd)

We have also contributed through our CSR Program for Flood Relief Mission in Kampung Jawa of Klang and Hulu Langat in Selangor. We donated high pressure cleaner machines and necessities such as food, drinking water and hygiene products.

On top of caring and contribution to the community, our Executive Director, Dato' Eddie Ong has also donated personally to Hextar employees whom were affected by the flash flood.

Help Us Reduce Single-Use Plastic Waste

Did you know that in 2019, the world's consumption of disposable plastic bottles is 480 billion bottles? Yet 91% of these plastic bottles are not recycled and often end up in the ocean, impacting marine life. In line with the SDG Target 12.5 – to substantially reduce waste generation through prevention, reduction, recycling and reuse, we would like to encourage all Hextarians to go green by using reusable water bottles instead of disposable ones. The bottles are manufactured by our associate/affiliate company SWS Capital's plasticware company, Elianware who have ensured that their products are both recyclable and sustainable. Let's reduce, reuse and recycle!

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Hextar Global Berhad ("Hextar" or "the Company") is pleased to present this Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 ("FYE 2021") to outline the scope and nature of our risk management and internal control systems within Hextar and its subsidiaries ("Hextar Group" or "the Group"). This statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") by Bursa Malaysia Securities Berhad ("Bursa Securities"), guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("Guidelines") and made in line with the recommendations advocated by the Malaysian Code of Corporate Governance 2021 ("MCCG 2021").

BOARD RESPONSIBILITIES

The Board is cognisant of its ultimate responsibility towards a sound and effective risk management and internal control systems within the Group. As such, the Board is tasked to oversee and monitor the adequacy and integrity of the risk management and internal control systems across the Group. To ensure an effective discharge of responsibility, our Board is supported by our Audit Committee ("AC") and Risk Management Committee ("RMC").

The Board assumes the overall responsibilities to identify and manage material risks so as to ensure adequate internal controls are put in place with the ultimate goal to safeguard our shareholders' investment, stakeholders' interests and the Group's assets. During the FYE 2021, our Board has performed the following duties to identify, evaluate and manage the material risks within the Group: -

- Review the Group's operating unit's financial performance and key business indicators through information reported by the Management;
- Review and deliberate quarterly financial results;
- Analyse the Group's financial and operational performance against the Group's business objectives;
- Review the adequacy and effectiveness of the Group's risk management and internal control systems in all material aspects; and
- Ensure high level of professionalism and competence of human resources through cautious recruitment process, continuous training programmes and proper appraisal system.

Under our stringent management, the Board is of the view that our risk management and internal control systems in place during FYE 2021 and up to the date of approval of this Annual Report are functioning adequately and effectively in all material aspects, subject to regular reviews.

INTERNAL CONTROL SYSTEMS

In Hextar Group, the Board regards the internal control systems as an important component to ensure our operational efficiencies and sound corporate governance. Appropriate internal controls are implemented to identify any operational weaknesses or risk exposures, and to manage such matters accordingly. However, in light of the inherent limitations in any internal control systems, the said systems are designed to manage and control, rather than to eliminate, the risks or any adverse events which may hinder the Group from achieving its business objectives. Thus, our systems can only provide reasonable but not absolute assurance against material financial misstatement, fraud, loss or any unforeseeable and unfavourable circumstances. The Board has delegated certain duties to the Management to monitor the Group's internal control systems in our daily operations and report such results to the AC. Any significant internal control deficiencies which may affect the Group's strategic objectives shall be escalated to the Board's attention via scheduled Board meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

The Group has appointed a professional firm, Eco Asia Governance Advisory Sdn Bhd ("Internal Auditors"), to be in charge of our Group's internal audit function on an outsourced basis. The Internal Auditors is responsible to perform independent assessment on the adequacy and effectiveness of the Group's risk management and internal control systems and report such outcome, together with relevant proposed recommendations, to the AC.

During the FYE 2021, the Internal Auditors have conducted four (4) internal audit reviews, as shown as follows: -

Entity	Internal Audit Review	Quarter Period
Halex Woolton (M) Sdn Bhd	Waste Management Review	Quarter 1, FYE 2021
Hextar Chemicals Sdn Bhd	Contracts Review	Quarter 2, FYE 2021
Halex Woolton (M) Sdn Bhd	Sales and Distribution Review	Quarter 3, FYE 2021
Hextar Global Berhad	Anti-Bribery and Corruption Policy Review	Quarter 4, FYE 2021

Based on the internal audit review performed, the Internal Auditors have reported to the AC that they have not noted any weakness that have resulted in any major deficiencies in our systems that would require for separate disclosure in this Annual Report. There is a reasonable assurance that the Group's internal control systems are adequate and satisfactory. Weaknesses identified are with minor impact, all of which have been, or are being, addressed and improved accordingly to enhance our operational efficiencies. The total professional fees payable to the Internal Auditors for FYE 2021 amounted to RM52,000.

On 22 November 2021, the AC has conducted an annual assessment on the performance of the Internal Auditors. The said assessment covers several considerations, such as the adequacy and resources of the Internal Auditors, the quality control processes, the professional staff assigned to the audit engagements, the independence and objectivity of the Internal Auditors, the discussion on audit scope, plan and fees as well as the communication from the Internal Auditors.

With the feedback provided by our Management, the AC is of the opinion that they are satisfied with the performance of the Internal Auditors and has recommended their re-engagement to the Board for the financial year ending 31 December 2022 ("FYE 2022"). The Board has approved such recommendation at the Board meeting on 22 November 2021.

RISK MANAGEMENT FUNCTION

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

(i) Supports the Group's strategic objectives and business goals;
(ii) Optimise business opportunities and the returns to the Group, and protect the stakeholders' interests, including shareholders, customers and employees, within acceptable level of risks;
(iii) Advocate education and Risk Assurance Culture;
(iv) Improve customer service and minimise risk exposure;
(v) Safeguard the Group's assets and protect its reputation and brand values;
(vi) Identify and evaluate operational risks and other relevant business risks to improve the Group's operating performance without compromising effectiveness of internal control procedures; and
(vii) Ensure compliance to the Group's policies, regulations and statutory requirements, including timely reporting of performance.

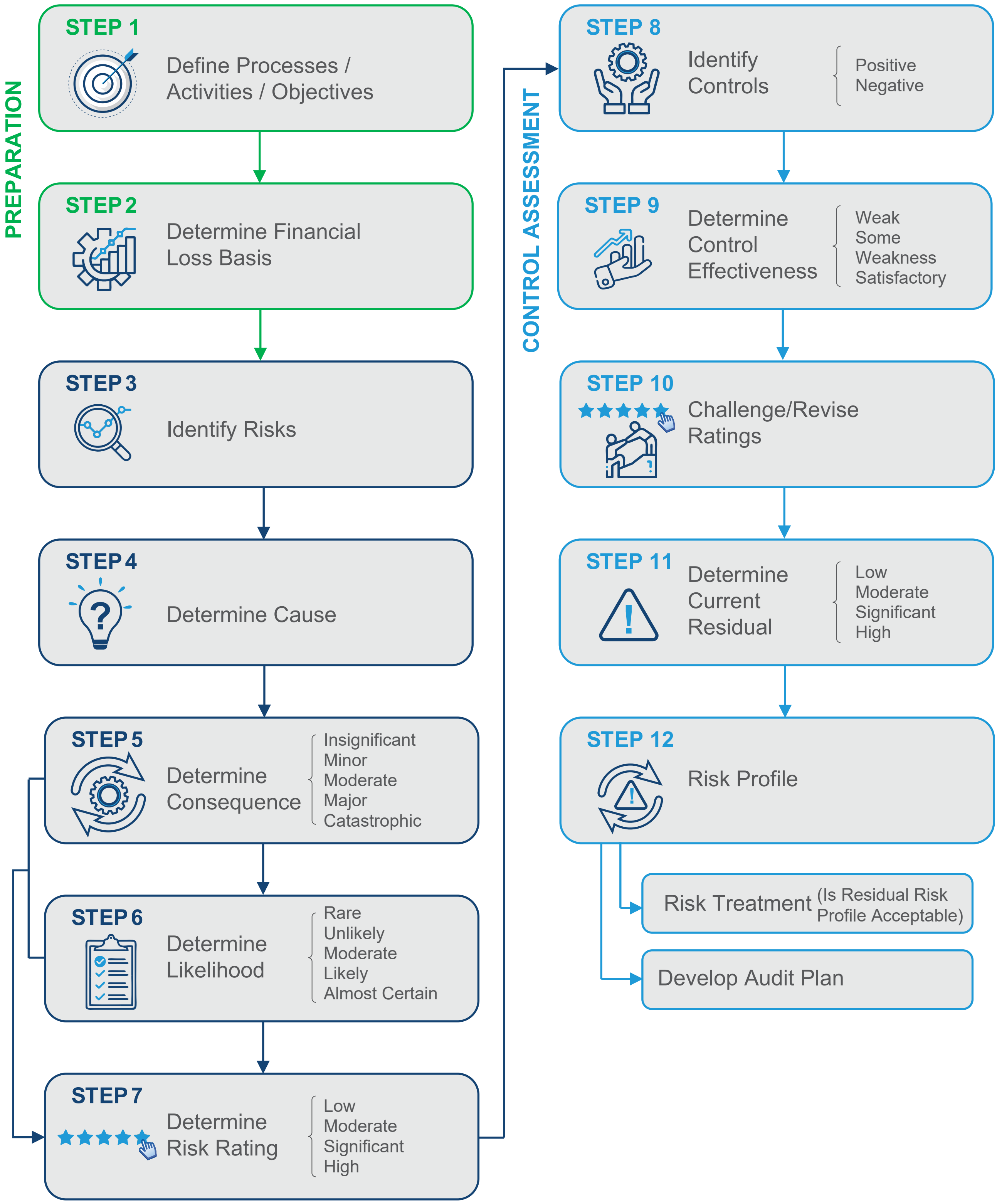
The Board has established and in placed a risk management framework across the Group's operations. The Board, supported by our RMC, is responsible to review and assess the framework and risk management process to ensure their adequacy and effectiveness. The Board receives formal feedback on the adequacy of the risk management function on half yearly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

RISK MANAGEMENT FUNCTION (CONT'D)

Framework of Risk Management Assessment



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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RISK MANAGEMENT FUNCTION (CONT'D)

Risk Identification and Evaluation Process

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

In order to have a comprehensive analysis, both internal and external parameters are taken into consideration during the risk identification process. External parameters include political, economic, social technological, legal and environment changes, while internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures within the Group.

Risk Adopting and Monitoring Process

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

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

ASSURANCE FROM MANAGEMENT

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of MMLR, the External Auditors have reviewed this statement for inclusion in this Annual Report. Their review was performed in line with the Recommended AAPG 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practise 9.1 and 9.2 of the MCCG 2021 to be set out, not the Statement is factually inaccurate.

CONCLUSION

For the FYE 2021, the Board is of the opinion that the Group's risk management and internal control systems are sound and sufficient to safeguard our shareholders' investments, stakeholders' interests as well as the Group's assets. There were no significant internal control deficiencies, material weaknesses or adverse compliance events resulting in any material loss to the Group. The Board is dedicated to continue strengthening the Group's risk management and internal control systems on an ongoing basis to meet this fast-moving and challenging business environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed towards upholding high standards of corporate governance in managing the Group's business towards its mission of sustainable growth.

This Corporate Governance Overview Statement ("the Statement") summarises the application by the Company of the principles and practices as set out in the Malaysian Code on Corporate Governance ("MCCG") and is prepared in compliance with Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad and it is to be read together with the Corporate Governance Report 2021, which is available on the corporate website at https://www.hextarglobal.com/ir.php. This Statement shows how our measures are aligned with the principles of good governance in accordance with the MCCG and references are made to the three (3) key Corporate Governance principles in the MCCG:

Principle A	Principle B	Principle C
Board Leadership and Effectiveness	Effective Audit and Risk Management	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

Board's Duties and Responsibilities

The Board oversees the Group's business and its performance and is collectively responsible for the Group's long-term sustainability and success. The Board meets regularly to review the corporate strategies, operations and performance of the Group's business segments to contribute their independent judgement to bear on issues of performance, resources, standards of conduct and strategies on economic, environmental and social considerations underpinning sustainability. The responsibilities of the Board include formulating and reviewing the Group's strategic plans of each business segments and ensuring that the necessary resources are in place for the Group to achieve its objectives.

To enable the Board to discharge its duties effectively, it has assumed the following roles and responsibilities: -

Promote good corporate governance culture within the Group together with Senior Management by upholding good principles in accordance with its' Board Charter, Code of Ethics and Conduct, Procedures, Guidelines and Policies.

Review strategic plans to support long-term value creation inclusive of strategies on economic, environmental and social considerations underpinning sustainability and its implementation.

Oversee and assess the conduct of the Group's business and the performance of management to ensure it is being properly managed.

Understand the principal risks of the Group's business with the assistance of the Audit Committee and Risk Management Committee to oversee the risk profiles and implementation of mitigation measures, as well as to recognise the need to achieve an acceptable balance between expected risks and potential returns to shareholders.

Ensure that measures are in place for the orderly succession of Board and Senior Management.

Ensure that the Company's shareholder communications policy and procedures are in place by promoting effective and timely communication with its stakeholders through announcements and press release made to Bursa Malaysia Securities Berhad and published on the Company's website.

Review the adequacy and the effectiveness of the Group's risk management framework and internal control system with the recommendations made by the External Auditors and Internal Auditors.

Ensure the integrity of the Company's financial and non-financial reporting in line with the Company's affairs by reviewing the disclosures made on quarterly financial report, audited financial statements, corporate governance, sustainability and other non-financial aspects.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Board's Duties and Responsibilities (Cont'd)

The Board has an oversight on matters delegated to the management whereby updates are periodically reported. All the Board's responsibilities conferred on management is delegated through the Executive Directors. The Executive Directors holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives.

Certain responsibilities have also been delegated by the Board to the following Board Committees to discharge its duties and functions effectively in accordance with the respective Board Committees' clearly defined terms of reference:

(i) Audit Committee ("AC")
(ii) Risk Management Committee ("RMC")
(iii) Nomination Committee ("NC")
(iv) Remuneration Committee ("RC")
(v) Whistleblowing Committee ("WC")

The Board receives reports at its meetings from the Chairperson of each Board Committee on current activities and it is the general policy of the Company that all major decisions will be considered by the Board as a whole.

On 21 February 2022, the Board had approved the management's proposal to combine the Nomination Committee and Remuneration Committee into a single committee known as "Nomination and Remuneration Committee" for the purpose of enhancing the efficiency of the Board Committees in discharging their duties and responsibilities.

Chairman

The Chairman of the Board, Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, leads and manages the Board by focusing on strategy, governance and compliance. He holds an Independent Non-Executive position and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

Separation of Positions of the Chairman and Executive Directors

The positions of the Chairman and the Executive Directors of the Company are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company to ensure a balance of power and authority between the Chairman and the Executive Directors:

CHAIRMAN Y.D.H. Dato' Sri Erwan Bin Dato' Haji Mohd Tahir	EXECUTIVE DIRECTORS Dato' Ong Choo Meng Madam Lee Chooi Keng
• Responsible for the leadership of the Board; • Leading the Board in the adoption and implementation of good governance practices; • Reponsible for ensuring Board's effectiveness; • Ensure that the Board receives all relevant and timely information; • Setting its agenda; • Encourage active participation and views from the Board; and • Ensure appropriate steps are taken in order to provide effective communication with stakeholders.	• Responsible for leading and managing the Group's business within a set of authorities delegated by the Board; • Oversee and monitor day-to day operations of every business segment to ensure compliance with all applicable laws and regulations as well as the effectiveness in achieving strategic goals; • Responsible for the developing and implementation of the Group's strategies, Board's suggestion, decisions and policies; and • Assess all business opportunities which are potentially benefit for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Separation of Positions of the Chairman and Executive Directors (Cont'd)

The roles and responsibilities of the Board, Board Committees, Independent Non-Executive Chairman and the Executive Directors are listed in the Board Charter, which is available on the corporate website at https://www.hextarglobal.com/ir.php.

Company Secretary

The Board is supported by three qualified and competent Company Secretaries to provide sound governance advice. They are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

The Company Secretaries provide advisory services to the Board in relation to the Company's constitution, Board policies and procedures, corporate disclosures, corporate governance issues, compliance with regulatory requirements and law, keep the Board abreast of the changes in MCCG and MMLR and assist the Board in applying corporate governance best practices. The Company Secretaries also provide guidance to the Board on the contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad and facilitate the annual Board Effectiveness Assessment.

Board Meetings and Access to Meeting Materials

Board meeting serves as an avenue for governance discussions and decision-making by the Board. The Board's commitment in carrying out their duties and responsibilities is affirmed by their attendance at the meetings held during financial year 2021 ("FY2021"). The Board meets at least five (5) times annually with additional Board meetings to be convened as and when necessary.

To facilitate robust Board discussion, meeting papers are furnished to the Board and Board Committees via email or hard copy at least five (5) business days prior to the meetings. The Board papers on corporate proposals which are deemed highly confidential would be distributed or shared during Board meetings. The minutes of the meetings accurately reflect the deliberations and decisions of the Board and any interested Directors will abstain from voting and deliberating on a particular matter or corporate proposals involving the Directors' interests.

During FY2021, the details of the Directors' attendance at the Board Committees and Board meetings are as follows:

Name of Directors	Number of Meetings Attended/Held				
	Board	AC	NC	RC	RMC
Y.D.H. Dato' Sri Erwan Bin Dato' Haji Mohd Tahir	10/10	6/6	1/1	1/1	2/2
Dato' Ong Soon Ho	10/10	-	-	-	-
Dato' Ong Choo Meng	10/10	-	-	-	-
Lee Chooi Keng	10/10	-	-	-	2/2
Yeoh Chin Hoe	10/10	6/6	1/1	1/1	2/2
Liew Jee Min @ Chong Jee Min	10/10	6/6	1/1	1/1	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Director's Training

In accordance with Paragraph 15.08(3) of the MMLR, the Board members had attended various training programmes during FY2021 as follows to ensure that they keep abreast of relevant developments in business updates, accounting standards, regulation, and practices:

Name of Directors	Programme Title
Y.D.H. Dato' Sri Erwan Bin Dato' Haji Mohd Tahir	• Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised)
Dato' Ong Soon Ho	• Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised) • Implementing ESG Practices in the organization
Dato' Ong Choo Meng	• Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised)
Lee Chooi Keng	• Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised) • Implementing ESG Practices in the organization
Yeoh Chin Hoe	• Sustainable Finance: Making better financial decisions • Board and Audit Committee Priorities 2021 • Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised) • What you need to know about Whistleblower Protection Act 2021 – Its Merits & Deficiencies • Implementing ESG Practices in the organization • Malaysia Post-Budget 2022 Roundtable Discussion: Recovery, Resilience and Reform
Liew Jee Min @ Chong Jee Min	• Trading Equity Index Futures (FKLI & FM70) UsingTechnical Analysis • Sustainability & Corporate Liability Training • Career and Trading Opportunities in Derivatives Market • Corporate Liability: S17A of the MACC Act – The Ultimate "Vaccine" for Corruption in Private Sector • Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by SC, Analysis of Corporate Governance Monitor 2019 & 2020 and Malaysian Code on Corporate Governance (Revised) • Implementing ESG Practices in The Organisation

Board Charter, Corporate Code of Conduct & Ethics and Policies

The Board Charter sets out the roles and responsibilities of the Board, Board Committees and individual Directors, Board composition, Board procedures and Code of Conducts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

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

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

- Terms of Reference ("TOR") of AC;
- TOR of Nomination and Remuneration Committee;
- TOR of RMC;
- Corporate Code of Ethics & Conduct;
- Conflict of Interest Policy;
- Directors' Fit and Proper Policy;
- Diversity Policy for Board and Senior Management;
- Insider Trading Policy;
- Related Party Transactions Policy and Procedure;
- Remuneration Policy;
- Whistleblowing Policy;
- External Auditors Policy;
- Environmental Social and Governance ("ESG") Policy;
- Dispute Resolution Policy;
- Harassment Policy;
- Labour Rights Policy;
- Non-discrimination Policy; and
- Prevention and Eradication of Drug, Alcohol and Substance Abuse (PEDAS) Policy.

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

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

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

With the enforcement of the new provision of the Malaysian Government on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") on 1 June 2020, which imposes liability on a commercial organisation for corruption committed by persons associated with the commercial organisation, the Board had approved adoption of an Anti-Bribery and Corruption Policy within Hextar Group. On 23 August 2021, the proposed revision to the Anti-Bribery and Corruption Policy was approved by the Board for adoption and published on the Company's corporate website. The purpose of adopting this policy is to prevent bribery and corruption from occurring in all activities that may arise during the course of doing business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

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

Matters Reserved for the Board

1. Set limits of authority and roles and terms of reference of Board Committees, Executive Directors and Senior Management.
2. Formulate and review strategic business plans and budgets.
3. Review the overall quality and completeness of the audited and quarterly financial statements.
4. Appointment and removal of external auditors and company secretary, and approve their remuneration.
5. Corporate restructuring exercises, setting up business, investment proposals (new/existing), dissolution, acquisition and/or disposal of subsidiaries, business segments and material assets.
6. Identify and evaluate the various industry, business and organization risks. Implement and continually improve the risk management systems and controls to mitigate such risks.
7. Review and approve any related party transactions ("RPTs"), mandated and non-mandated recurrent RPTs.

The Board Charter, Corporate Code of Conduct and Ethics and above policies will be periodically reviewed and are available on the corporate website at https://www.hextarglobal.com/ir.php.

Sustainability Leadership

The sustainability leadership has been emphasised greatly as per the latest MCCG enforced in April 2021. The Board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets. The Company has established a dedicated Sustainability Committee together with its Department Sustainability Working Group that review sustainability matters, monitor the implementation of sustainability strategies and performances and are responsible for materiality assessment, identification, execution and monitoring of initiatives/actions.

At the same time, the Board has the responsibility in identifying risks and ensuring the implementation of appropriate and adequate controls and systems to monitor and manage these risks to ensure growth and sustainability of the businesses. The Board through its RMC, identifies and evaluates the various industry, business and organisation risks as well as implementing and continually improving the risk management systems and controls to mitigate such risk to ensure growth and sustainability of the businesses.

The Board pursues an effective communication of its sustainability matters including sustainability strategies, priorities, targets as well as performance against these through the Company's website and Annual Report. The ESG Policy which had been adopted by the Board on 22 November 2021 is also available on the corporate website at https://www.hextarglobal.com/ir.php.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

PART II – BOARD COMPOSITION

The Company has diverse Board comprising six (6) Directors with three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Directors and two (2) Executive Directors. The Board composition meets the requirements of the MMLR, which requires a minimum of two (2) or one-third (1/3) of the Board, whichever is higher, to be Independent Directors and the MCCG which requires at least half of the Board to consist of Independent Directors.

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

A brief profile of the Board can be found on pages 10 to 15 in the Directors' Profile section of the Annual Report 2021.

Tenure of Independent Directors

The Independent Directors are independent of management and can provide greater check and balance during boardroom deliberations and decision making. None of the Independent Directors have served on the Board for more than nine (9) consecutive years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a Non-Independent Director. The Board had, on 21 February 2022, approved the adoption of a policy on the tenure of Independent Directors which forms part of the Board Charter.

Annual Re-election of Directors

The Board, based on the results of the Board Effectiveness Assessment FY2021, had approved the NC's recommendation on the re-election of Dato' Ong Choo Meng and Mr Yeoh Chin Hoe who are due to retire at the 31st AGM in accordance with Clause 127 of the Company's Constitution based on the following justifications:

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

The said re-election shall be approved by shareholders at the Company's annual general meeting to be held on 23 May 2022.

Diversity of the Board and Senior Management

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

As part of the initiative for sustainable growth and succession of the Group, the Company has conducted an annual analysis on the total workforce of the Group by age, gender and ethnicity as shown in the Sustainability Statement in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II – BOARD COMPOSITION (CONT'D)

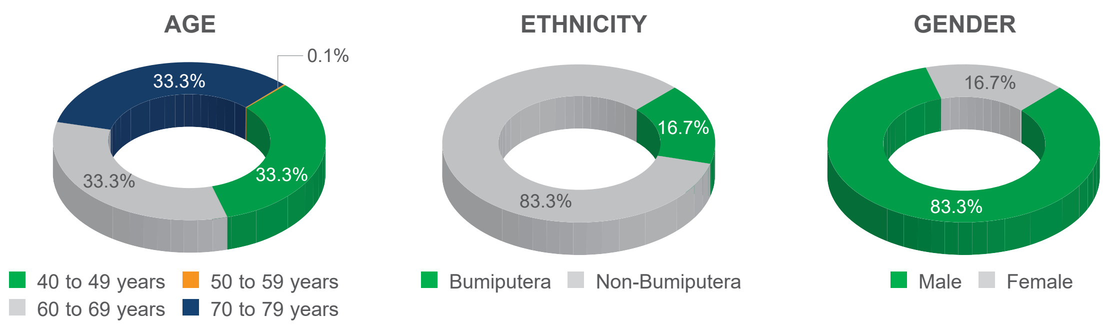
Experience and Skills of the Board

Experience

- Industry knowledge
- Board of Public Listed Company
- Government liason
- Senior leadership
- Global organisation
- Entreprenuership

Skills, Knowledge & Expertise

- Strategy and entrepreneurship
- Legal and regulatory requirements
- Corporate governance, risk management and internal controls
- Audit, accounting, financial reporting and taxation
- Human capital
- Sales and marketing
- Production and quality assurance
- Digital economy, e-comerce and social media
- Liason with government, non-governmental bodies and stakeholders



Nomination Committee and Its' Functions

The NC is delegated to lead the process of identifying and nominating suitable candidates for appointment as Directors, when they arise. Sources of candidates can be obtained from existing Directors, management, major shareholders or through independent sources. Prior to the appointment by the Board, the NC shall evaluate the balance and composition including mix of skills, independence, experience, and diversity (including diversity in gender, ethnicity and age) of the Board.

The Board is supportive of the MCCG's recommendation on 30% women Directors and participation of women in decision-making positions among the Senior Management. The Board through NC is committed to emphasise gender diversity in identifying potential candidates for appointment as Directors, when arise and to establish gender diversity policies to support the participation of women on the Board and Senior Management.

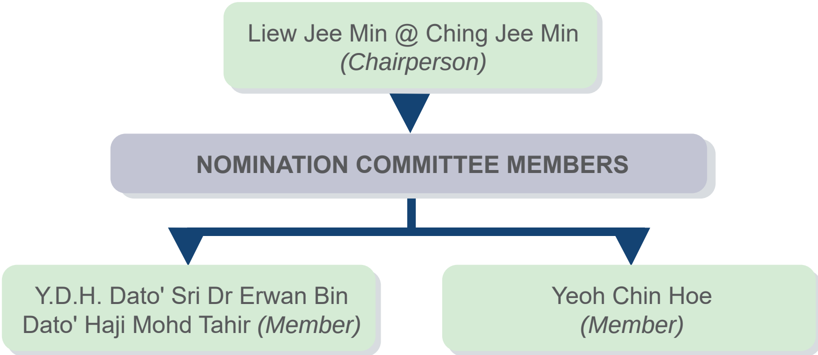
The NC will also conduct annual evaluation assessment on the effectiveness of the Board as a whole, the Committees of the Board, the contribution of each Director annually, and the independence of the Independent Directors. Questionnaires and evaluation forms were provided to the Board and Board Committees after each financial year ended to ensure that the annual assessment is conducted smoothly. The results of the assessment were tabled to the NC for deliberation. Thereafter, the Chairman of NC shared the results and NC's input with the Board to allow improvements to be undertaken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II – BOARD COMPOSITION (CONT'D)

Nomination Committee and Its' Functions (Cont'd)

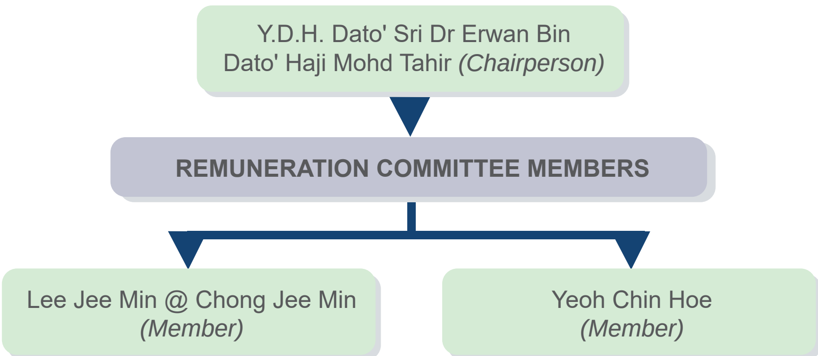


The members of NC consist exclusively of Independent Non-Executive Directors. The TOR of the NC is available on the corporate website at https://www.hextarglobal.com/ir.php.

PART III – REMUNERATION

Remuneration Committee and Its' Functions

The Board has entrusted the RC to develop a fair and transparent policies for determining the remuneration of GMD/GCEO, Executive Directors, Non-Executive Directors and Senior Management. A Remuneration Policy of the Company had been recently approved by the Board, upon the recommendation made by RC on 21 February 2022, which is available on the corporate website at https://www.hextarglobal.com/ir.php. The RC was also being tasked to review and recommend to the Board based on the RC TOR, the remuneration package which is competitive and in line with current market practice to attract, retain and reward talented Directors and Senior Management and is aligned with the Group's strategy including their ESG strategy.



CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART III – REMUNERATION (CONT'D)

Remuneration Committee and Its' Functions (Cont'd)

The members of RC consist exclusively of Independent Non-Executive Directors. The TOR of the RC is available on the corporate website at https://www.hextarglobal.com/ir.php.

The details of the Board's remuneration of the Company and the Group on a named basis for the FY2021 are tabulated as follows:

Name of Directors	Company		Group			
	Directors' Fee (RM)	Meeting Allowance (RM)	Salary (RM)	Bonus (RM)	Benefits-in-Kind (RM)	Other Emoluments (RM)
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	66,000	11,000	-	-	-	-
Dato' Ong Soon Ho	48,000	11,000	-	-	-	-
Dato' Ong Choo Meng	-	-	624,000	110,004	28,000	88,007
Lee Chooi Keng	-	-	522,000	87,000	-	24,953
Yeoh Chin Hoe	54,000	11,000	-	-	-	-
Liew Jee Min @ Chong Jee Min	48,000	11,000	-	-	-	-
Total	**216,000**	**44,000**	**1,146,000**	**197,004**	**28,000**	**112,960**

With regard to the disclosure of remuneration of the Group's top 5 Senior Management, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market in the industries the Group operate, and the Company should also protect the confidentiality of personal information such as employees' remuneration packages.

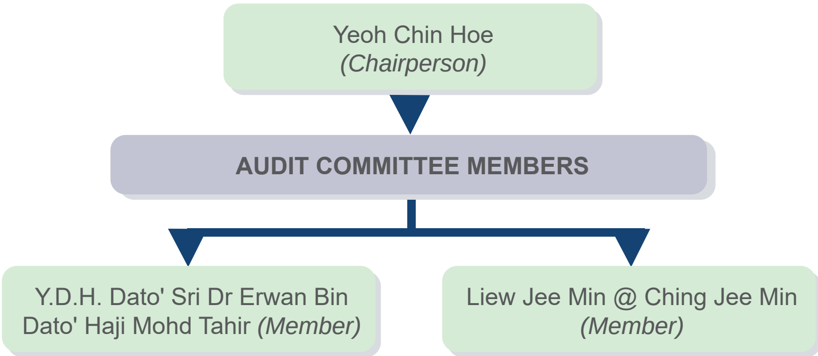
The Board viewed that such disclosure may cause tension and unhealthy competition among Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

The AC comprises solely three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The positions of Chairperson of the AC and Chairman of the Board are held by two (2) different individuals. Therefore, the objectivity of the Board's review of the AC's findings and recommendations will be preserved. Currently, the AC does not have a member who was a former key audit partner of the Company. However, the TOR of the AC has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.



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

The AC members have a wide range of skills and knowledge from business administration, accounts, finance, law, and audit. In order to perform their duties professionally, the members participate in and attend different training, seminar, conference, and any other relevant programme to ensure that they keep abreast of the accounting and auditing standards, corporate governance practices and listing requirements.

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

In assessing the suitability, objectivity and independence of the External Auditors, the AC had established the Audit Independence Policy. This policy is available on the corporate website at https://www.hextarglobal.com/ir.php. During the financial year, the AC had assessed and reviewed the performance and independence of the Company's External Auditors, Crowe Malaysia PLT, and was satisfied that the External Auditors have been independent and professional throughout the conduct of the audit process, and the audit services rendered have met the quality expected by the AC and the management.

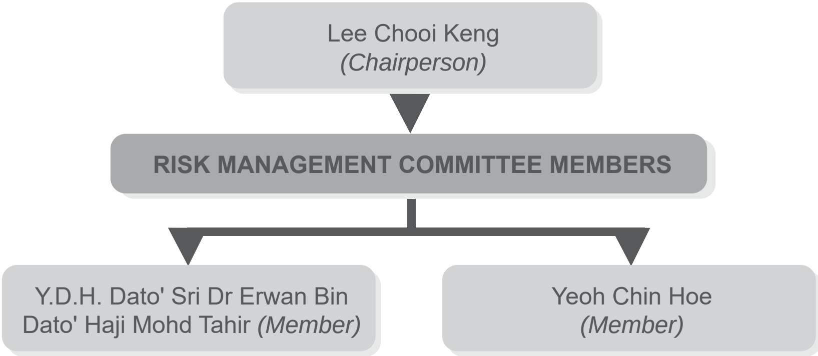
During the financial year, the AC had recommended to the Board the re-appointment of the Company's External Auditors and their audit fees after reviewing their suitability, resources, competency and independence. The said re-appointment was recommended by the Board in the Company's annual general meeting for shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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



The members of RMC comprise majority of Independent Non-Executive Directors. The TOR of the RMC is available on the corporate website at https://www.hextarglobal.com/ir.php.

The risk management framework includes maintaining a Risk Register with risk profile and action plans for mitigating the identified risks. The RMC reviews the risk management framework, key areas of identified risks and the mitigating measures taken by the management to address the areas of key risks identified. The Board receives formal feedback on the adequacy of the risk management function on half yearly basis.

The internal audit function was carried out by Eco Asia Advisory Sdn Bhd, an outsourced independent professional internal audit service provider, during FY2021. Their appointment is free from any relationships or conflict of interest with the Group which enables them to perform audit work independently, objectively and proficiently. The internal audit team works closely with the management to carry out its internal audit activities and presents its internal audit reports to the AC for review on quarterly basis.

During the financial year, the Board was updated on the Group's internal control system which encompasses the following:

Quarter	Scope	Entity
Q1/2021	Waste Management Review	Halex Woolton (M) Sdn Bhd
Q2/2021	Contract Review	Hextar Chemicals Sdn Bhd
Q3/2021	Sales and Distribution Review	Halex Woolton (M) Sdn Bhd
Q4/2021	Anti-Bribery and Anti-Corruption Policy Review	Hextar Global Berhad

The Board has in place an on-going process to identify, evaluate, monitor, and manage significant risks affecting the Group's businesses, and the management has given assurance to the Board that adequate and effective controls are in place to manage these significant risks. A set of Standard Operating Procedures has been in place to ensure smooth proceeding in the internal control system across the Group.

Details on the key features of the risk management and internal control system together with its adequacy and effectiveness can be found on page 54 to 57 of the Statement on Risk Management and Internal Control, which is included in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

PART I – ENGAGEMENT WITH STAKEHOLDERS

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

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

Bursa Malaysia Securities Berhad

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

Corporate Website

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

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

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

PART II – CONDUCT OF GENERAL MEETINGS

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

The 30th Annual General Meeting ("AGM") and all Extraordinary General Meetings ("EGMs") (or collectively "General Meetings") of the Company was held on a fully virtual basis through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("TIIH"). By leveraging the technology provided by TIIH, shareholders were able to cast their votes in absentia and attend the meeting remotely in a secure online environment.

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

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

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE

This Statement is prepared in compliance with Paragraph 15.25 of the MMLR and it is advised to be read together with the Corporate Governance Report 2021 of the Company, which is available on the corporate website, http//www.hextarglobal.com/ir.php.

The Board is of the opinion that the Group has maintained the highest standards in Corporate Governance practices and compliances and remain fully committed to achieve the highest level of integrity and ethical standard in delivering the strategic objectives and sustainable performance of the Group over the long term. This statement was tabled and approved at the Board of Directors' Meeting held on 28 March 2022.

AUDIT COMMITTEE REPORT

1. COMPOSITION

As of 31 December 2021, the Audit Committee ("AC") of the Company comprises of three (3) members, all of whom are Independent Non-Executive Directors. All of the Independent Non-Executive Directors satisfied the test of independence under Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"). The AC also meets the requirements under paragraph 15.09(1)(a) and (b) of the MMLR and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance ("MCCG").

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

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

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

The primary objective of the AC is to establish a documented, formal and transparent procedure to assist the Board in fulfilling its statutory duties and responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

The Terms of Reference ("TOR") of the AC which set out the authority, duties and responsibilities of the AC, is annually reviewed and accessible for reference on the Company's website at http:/www.hextarglobal.com/ir.php.

2. MEETINGS

The AC held six (6) meetings during the financial year ended 31 December 2021 ("FY 2021"). The details of the attendance record for each Committee member are as follows:-

Directors	Meeting Attendance
Yeoh Chin Hoe (Chairperson)	6/6
Y.D.H. Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir	6/6
Liew Jee Min @ Chong Jee Min	6/6

The presence of External Auditors ("EA") and/or Internal Auditors ("IA") at the AC meetings shall be requested upon invitation by the AC Chairperson. During FY 2021, the IA were invited to attend four (4) of the quarterly AC meetings to present Internal Audit Review Reports. The Internal Audit Review Reports were prepared and presented by an independent internal audit firm.

The EA were present at AC meetings to assist in the discussion regarding statutory audit of the Group's audited financial statements and presentation of their audit findings and audit plan. The Financial Controller of the Group and key management personnel were invited to assist in clarifying audit issues raised from the audit reports or on any other matters of interest raised at the meetings. The AC conducted an independent meeting on 29 March 2021 with the EA, without the presence of Executive Directors and management of the Company as required by the AC's Terms of Reference, to discuss any audit concerns that need to be highlighted to the AC and the level of cooperation obtained from the management.

After AC meetings, the AC Chairperson reported to the Board on matters discussed and deliberated in the AC meeting together with the recommendations made by the AC. The Group's audited financial statements and quarterly financial reports were recommended to the Board for approval after being reviewed by AC during AC meeting. The AC Chairperson also conveyed to the Board on matters of significant concerns as and when raised by the EA or the IA at their respective AC meetings.

The minutes of each AC meeting were recorded by the Company Secretary and tabled in the next AC meeting for confirmation and subsequently presented to the Board for notation.

3. SUMMARY OF ACTIVITIES

The AC had carried out the following activities during FY 2021 to discharge their duties and responsibilities:-

a. Financial Reporting

The AC reviewed the audited financial statements and quarterly financial reports of the Group which were presented by the Financial Controller and management, prior to the presentation and recommendation to the Board for approval. The review process was to ensure that the preparation of financial results was in compliance with the following financial reporting standards and statutory disclosure requirements:-

- Malaysian Financial Reporting Standards ("MFRS");
- International Financial Reporting Standards ("IFRS");
- MMLR;
- Provisions of the Companies Act 2016; and
- Other relevant legal and regulatory requirements.

All quarterly financial results and relevant announcements to be submitted to Bursa Malaysia Securities Berhad were reviewed by the AC before recommended to the Board for approval to ensure its compliance with:-

- MFRS 134 Interim Financial Reporting; and
- Paragraph 9.22, including Appendix 9B of MMLR as prescribed by Bursa Malaysia Securities Berhad.

The AC reviewed the fourth quarter financial report for the financial year 2020 and the audited financial results for the financial year ended 31 December 2020 at its meetings held on 22 February 2021 and 29 March 2021 respectively.

The first, second and third quarters financial reports for the financial year 2021 were presented to the AC at meetings held on 31 May 2021, 23 August 2021 and 22 November 2021 respectively. Hextar Group had adopted the Merger Accounting Policy in its third quarter financial report for 2021 upon completion of voluntary winding up of Hextar Chemicals Limited, a wholly owned subsidiary of Hextar incorporated in British Virgin Islands. The AC viewed that the adoption of the Merger Accounting Policy was in the best interest of the Hextar Group for the intergroup reorganisation.

On 21 February 2022 and 28 March 2022, the AC had reviewed the fourth quarter financial report and audited financial statements for the financial year ended 31 December 2021.

b. External Audit

At the 30th Annual General Meeting held on 31 May 2021, the re-appointment of Crowe Malaysia PLT as the EA of the Group was approved by the shareholders.

The AC had assessed the suitability, independence and objectivity of the EA during the financial year under review in performing the statutory audit engagement. The assessment conducted by the AC has taken several factors into consideration, including experience, competency, resources of the firm and staff assigned, non-audit fees and tenure of the engaging partner. The AC obtained written assurance from the EA on their independence and the ethical requirements that had been complied with.

The AC having assessed the performance and independence of the EA, based on the results presented, comparable experience, technical knowledge, time commitment, size of firm, performance and capability of the EA, a recommendation was made to the Board on 29 March 2021 to re-appoint the EA for the ensuing year. The re-appointment was put to the shareholders for approval during the AGM held on 31 May 2021.

On 22 November 2021, the AC reviewed and approved the EA's proposed audit scope and audit plan for the financial year ended 31 December 2021, which outlined its audit approach, areas of audit emphasis, reporting and deliverables, engagement team and proposed fees for the statutory audit and review of the Statement on Risk Management and Internal Control.

The annual audit review report on areas to concern highlighted by the EA in the Audit Review Memorandum for the financial year ended 31 December 2021 together with the recommendation provided and management's response on the audit findings were reviewed by the AC on 21 February 2022.

AUDIT COMMITTEE REPORT
cont'd

3. SUMMARY OF ACTIVITIES (CONT'D)

c. Internal Audit

The AC reviewed internal audit reports from the IA, Eco Asia Advisory Sdn Bhd, on the internal audit engagements executed and reported during FY 2021. The findings and recommendations by the IA were reviewed by the AC to ensure that appropriate actions were taken to improve the Group's internal control system on quarterly basis. The AC monitored and ensured the management has resolved the audit issues as highlighted by the IA within the targeted timeline. The AC also received quarterly updates from the IA on the follow-up in relation to the last internal audit report or areas which were still in progress.

During the financial year, the AC had reviewed the effectiveness of the audit process, resource requirements and performance of the outsourced professional IA, to ensure adequacy of scope of work based on key risk areas.

On 22 November 2021, the AC reviewed and approved the internal audit plan for the financial year ending 31 December 2022 to ensure the audit methodology in assessing and rating the auditable areas based on a risk-based approach.

d. Internal Control

The AC reviewed the Internal Control Observations reported by the EA and IA to assess the adequacy and effectiveness of the internal control system to ensure that continuous improvement is in place, effectively administered and regularly monitored on the outstanding audit issues within the targeted timeline.

e. Anti-Bribery & Corruption Policy

On 22 February 2021, the AC reviewed the Internal Audit Report presented by the IA on the Anti-Bribery & Corruption the ("ABC") review together with recommendation to the Group and management to ensure the compliance of relevant laws and regulations.

The ABC initiatives carried out by the management during the financial year under review, are as follows:-

- Reviewed and enhanced the ABC policy based on Prime Minister's Department Guidelines on adequate procedures;
- Monitored the communication of the ABC policy to all employees within the Group by providing awareness training and collection of staff declaration form; and
- Enhanced the communication of the ABC policy to all customers, suppliers and business partners by collecting the undertaking to comply with the ABC policy form and due diligence form.

The management together with the IA regularly and effectively assessed and monitored the process of enhancing and improving the ABC policy of the Group to ensure effective compliance and reported and made recommendations to the AC for review.

The IA had presented to the AC in its Internal Audit Plan on 23 November 2020 proposing the ABC review of the Group in the fourth quarter of FY 2021. The reports and recommendations were reviewed and considered by the AC on 22 February 2022 for implementation in the financial year 2022.

f. Related Party Transactions

During the financial year, the AC reviewed and monitored all the related party transactions, recurrent related party or conflict of interest transactions that arise within the Group to ensure that the procedures are in accordance with the MMLR.

The AC reviewed the related party transaction report presented by the management during the quarterly meeting to ensure that all transactions were in the best interest to the Group, fair, reasonable and on normal commercial terms and are not detrimental to the minority shareholders.

The AC also reviewed the recurrent related party transactions that were mandated on the 30th Annual General Meeting held on 31 May 2021 to ensure that the aggregate value of the transactions was well within the mandate which was approved by the shareholders.

3. SUMMARY OF ACTIVITIES (CONT'D)

g. Other Matters

During FY 2021, the AC had also discussed and reviewed the following matters:-

- The Corporate Governance Overview Statement, AC Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for its approval for inclusion in the Annual Report for the financial year ended 31 December 2020;
- The draft audited financial statements for the Company and its subsidiaries for the financial year ended 31 December 2020 and recommended the same to the Board for its approval;
- The declaration of the fourth interim dividend for the financial year ended 31 December 2020;
- The declaration of the first interim dividend for the financial year ended 31 December 2021;
- The acquisition of Hextar Agriculture Sdn Bhd, a related party transaction, and recommended the same to the Board for its approval; and
- Corporate Guarantee replacement for newly acquired subsidiaries.

4. INTERNAL AUDIT FUNCTION AND COMPLIANCE

The Group's internal audit function has been outsourced to an independent professional internal audit service provider, Eco Asia Advisory Sdn Bhd, which reports directly to the AC. All proposals by the Management to appoint or remove the IA shall require prior approval of the AC.

The primary role of the IA is to conduct independent and systematic reviews on the Group's internal control system and to provide assessment and assurance on the adequacy, integrity, efficiency and effectiveness of the Group's internal control and risk management systems. The IA is also responsible to assess the adequacy and effectiveness of the risk management operation, governance and compliance functions to identify, manage and address potential risks faced by the Group.

The IA adopted a risk-based approach in the planning and conduct of audit engagements which is in line with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. The internal audit engagements executed and reported during the financial year 2021 are listed as below: -

Quarter	Function / Entities
Q1/2021	Waste Management Review – Halex Woolton (M) Sdn Bhd
Q2/2021	Contracts Review – Hextar Chemicals Sdn Bhd
Q3/2021	Sales and Distribution Review – Halex Woolton (M) Sdn Bhd
Q4/2021	Anti-Bribery and Corruption Review – Hextar Global Berhad

The internal audit reports presented will be deliberated by the AC and the recommendations will be communicated to the Management for further action and implementation. The Management will be invited to the AC meetings from time to time, where necessary, for further clarification purposes.

The professional fee incurred on the Group's internal audit function for the FYE 2021 amounted to RM52,000.

This report has been reviewed by the AC and approved by the Board on 28 March 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to issue a statement explaining its responsibility in the preparation the annual audited financial statements.

The Directors are responsible for ensuring that the preparation of the financial statements for each financial year have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act 2016 ("the Act") in Malaysia.

The Directors are also responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year, and of the financial performance and cash flows of the Group and of the Company for the financial year as required by the Act.

In preparing the financial statements, the Director ensure that the Management has taken the following measures:

(i) Adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;

(ii) Made reasonable and prudent judgements and estimates; and

(iii) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Directors are also responsible to ensure that the Group and the Company maintain accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, and which enable them to ensure the financial statements comply with the Act.

The Directors have collective responsibility for taking such steps, as are reasonably available to them, to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised from corporate proposal during the financial year ended 31 December 2021.

2. SHARE BUY BACK

The shareholders of the Company during the AGM held on 31 May 2021, had approved and empowered the Directors of the Company to purchase its own shares of up to 10% of the total numbers of issued shares of the Company by utilizing the funds allocated which shall not exceed the retained profits of the Company.

The Company had purchased 8,188,000 shares of the Company for a total amount of RM10,299,274. The Company has not resold, transferred or cancelled any treasury shares during the financial year ended 31 December 2021.

3. OPTIONS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible exercised during the financial year ended 31 December 2021.

4. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the external auditors by the Company and the Group for the financial year ended 31 December 2021 are as follows:

	The Company (RM)	The Group (RM)
Audit Fees	42,000	450,777
Non-audit Fees	52,000	161,420
Total	94,000	612,197

Services rendered by the external auditors are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

5. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or the Group involving the interests of Directors and its major shareholder, either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year:

- On 8 March 2021, Hextar entered into conditional shares sale agreement for:

  (i) acquisition of 500,000 ordinary shares in Alpha Aim (M) Sdn Bhd ("AASB"), representing 100% equity interest in AASB from Tan Seio Beng and Chan Kwei Ling; and
  (ii) acquisition of 1,050,014 ordinary shares in Chempro Technology (M) Sdn Bhd ("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. These proposed acquisitions were completed on 23 July 2021.

- 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 still pending completion.

ADDITIONAL COMPLIANCE INFORMATION

cont'd

5. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS (CONT'D)

- On 12 July 2021, Hextar entered into a conditional share sale agreement for:
  - (i) acquisition of 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
  - (ii) acquisition of 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. These proposed acquisitions were completed on 18 November 2021.

- 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.

- On 2 August 2021, Hextar together with Ekopintar Sdn Bhd ("Ekopintar") (as purchasers) entered into a conditional share sale agreement with ENRA Energy Sdn Bhd for the acquisition of 10,000,000 ordinary shares in Hextar Kimia Sdn Bhd (formerly known as ENRA Kimia Sdn Bhd) ("Hextar Kimia"), Hextar acquire 49%, representing 4,900,000 ordinary shares in Hextar Kimia for a purchase price of RM24,500,000 and Ekopintar acquire the remaining 51%, representing 5,100,000 ordinary shares for a purchase price of RM25,500,000 to be fully satisfied by cash, which was completed on 30 November 2021.

- On 3 November 2021, Hextar entered into a share sale agreement with Lee Siong Kok, Lim Chong Joo, Lim Chong Teck and Low Chee Sin for the acquisition of 200,000 ordinary shares, representing 100% equity interest in Tufbond Technologies Sdn Bhd for a total purchase consideration of RM13,000,000 to be satisfied wholly in cash, which was completed on 2 December 2021.

6. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 30th AGM of the Company held on 31 May 2021, the Shareholders' Mandate for the Company and the Group to enter into recurrent related party transactions of a revenue or trading nature was obtained. The recurrent related party transactions pursuant to Shareholders' mandate entered into by the Company and the Group with its related parties from the 30th AGM to the 31st AGM, are as follows:

- Sales of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Purchase of raw materials, work in progress and finished goods including chemicals, fertilisers, packaging material and other related products;
- Renting of warehouse at Lot 3A, Jalan Perigi Nenas 7/2, Kawasan Perindustrian Pulau Indah, Fasa 1, 42920, Pelabuhan Klang, Selangor Darul Ehsan with a monthly rental of RM64,500.00;
- Provision of facilities asset and management services including business consultation and support & cash management system;
- Provision of specialist service for product testing, research development and product formulation registration;
- Sales of healthcare disposable products such as tissue, wet tissue, cotton, masks and sanitiser;
- Provision of service for supply and installation of civil foundation, piping system and tanks installation; and
- Sales of formulated chemicals for the purpose of glove manufacturing process, work in progress and finished goods such as fertilisers, packaging material and other related products.

Adequate procedures and processes are in place to monitor and identify the recurrent related party transactions in a timely basis and orderly basis. The recurrent related party transactions are conducted at arm's length and on normal commercial terms which are not to the detriment of the minority shareholders. The said Mandate is subject to renewal at the forthcoming 31st AGM. Details of the Shareholders' Mandate to be sought will be furnished in the Circular to Shareholders dated 22 April 2022.

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation for the financial year	39,209,737	83,914,273
Attributable to:-		
Owners of the Company	39,460,223	83,914,273
Non-controlling interests	(250,486)	-
	39,209,737	83,914,273

DIVIDENDS

On 26 March 2021, the Company paid a fourth interim dividend of 0.8 sen per ordinary share amounting to RM6,565,436 in respect of the financial year ended 31 December 2020.

On 28 September 2021, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM13,130,873 in respect of the financial year ended 31 December 2021.

On 21 February 2022, the Company declared a second interim dividend of 1.2 sen per ordinary share amounting to approximately RM15,619,386 in respect of the financial year ended 31 December 2021, payable on 25 March 2022, to shareholders whose names appeared in the record of depositors on 9 March 2022. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

DIRECTORS' REPORT
cont'd

TREASURY SHARES

During the financial year, the Company purchased 8,188,000 of its issued ordinary shares from the open market at an average price of RM1.26 per share. The total consideration paid for the purchase was RM10,299,274 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2021, the Company held as treasury shares a total of 8,188,000 of its 1,313,087,284 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM10,299,274. The details of the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT
cont'd

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the acquisition of new subsidiaries as disclosed in Note 7 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Ong Choo Meng
Lee Chooi Keng
Dato' Ong Soon Ho
Yeoh Chin Hoe
Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir
Liew Jee Min @ Chong Jee Min

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chan Kwei Ling (Resigned on 25.08.2021)
Chieng Diing Yaw (Resigned on 13.12.2021)
Chiew Yuen Chow (Resigned on 25.08.2021)
Chen Sen Loon
Cheok Viping (Resigned on 25.08.2021)
Dato' Mazlin Bin Md. Junid (Resigned on 31.12.2021)
Haniza Binti Mohamad Nasir (Appointed on 31.12.2021)
Khoo Hoe Hin (Resigned on 30.03.2021)
Lian Dazhi
Lim Chong Joo (Resigned on 09.02.2022)
Lim Chong Teck (Resigned on 09.02.2022)
Lim Eng Bee
Lin Swee Sang
Lo Ngen Loi
Marcus Mar Hung Than (Resigned on 13.12.2021)
Mohd Hanafi Bin Idris
Rayburn Azhar Bin Ali
Tan Seio Beng
Teh Li King
Yam Jia Fuh

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2021	**Bought/Allotted**	**Sold**	**At 31.12.2021**
The Company				
Direct interest				
Dato' Ong Choo Meng	31,238,500	57,293,100	(23,000,000)	65,531,600
Lee Chooi Keng	1,180,000	1,184,640	(442,700)	1,921,940
*Indirect interest**				
Dato' Ong Choo Meng	476,758,264	385,008,558	(21,000,000)	840,766,822
Dato' Ong Soon Ho	476,758,264	385,008,558	(21,000,000)	840,766,822

* *Deemed interested by virtue of their direct substantial shareholdings in Hextar Holdings Sdn. Bhd.*

By virtue of their shareholdings in the Company, Dato' Ong Choo Meng, Dato' Ong Soon Ho and Lee Chooi Keng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 37(c) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM19,080 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 42 to the financial statements.

HOLDING COMPANY

The holding company is Hextar Holdings Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

Signed in accordance with a resolution of the Directors dated 28 March 2022

DATO' ONG CHOO MENG	**LEE CHOOI KENG**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Ong Choo Meng and Lee Chooi Keng, being two of the directors of Hextar Global Berhad, state that, in the opinion of the directors, the financial statements set out on pages 90 to 184 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 28 March 2022

DATO' ONG CHOO MENG **LEE CHOOI KENG**

STATUTORY DECLARATION

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

I, Phan Nee Chin, MIA Membership Number: 28178, being the officer primarily responsible for the financial management of Hextar Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 90 to 184 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned)
at Klang in the State of Selangor Darul Ehsan on this 28)
March 2022)

PHAN NEE CHIN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad (incorporated in malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Global Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 184.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad (incorporated in malaysia)
cont'd

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report:-

Recoverability of trade receivables Refer to Notes 11 and 40.1(b)(iii) to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
As at 31 December 2021, trade receivables that were past due and not impaired amounted to RM65,726,015. The details of trade receivables and its credit risks are disclosed in Note 40.1(b)(iii) to the financial statements. The Group applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- ● specific known facts or circumstances on customers' ability to pay; and/or ● by reference to past default experiences The Group assesses at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, analysis of customer creditworthiness, past historical payment trends and expectation of repayment patterns. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	Our procedures included, amongst others:- ● Reviewed and understand the management's assessment of recoverability of major trade receivables; ● Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments; ● Obtained confirmation from major trade receivables on outstanding balances as at the reporting date; ● Reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; ● Enquired management on receivables status for major customers; ● Reviewed collections and sales trends during the financial year of major trade receivables; and/or ● Reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

Obsolete and slow moving inventories Refer to Note 13 to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The carrying amount of inventories held by the Group as at the reporting date amounted to RM152,509,384. This represents 38% and 23% of current assets and total assets of the Group, respectively. We focused on this area as determination of obsolete and slow moving inventories involves management's judgement.	Our procedures included, amongst others:- ● Assessed the basis used by management to determine the impairment loss on inventories; ● Compared net realisable value to cost of inventories at the reporting date to assess the reasonableness of inventories impairment; and ● Performed ageing test on inventories.

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report (Cont'd):-

<table>
<tr><td colspan="2">Impairment of goodwill
Refer to Note 10 to the financial statements</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The carrying amount of goodwill of the Group as at the end of the reporting period amounted to RM145,694,067. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.

We determined this to be a key audit matter as impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc..</td><td>Our procedures included, amongst others:-

● Evaluated whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances;
● Made enquiries of and challenging management on the key assumptions and inputs used in the measurement method;
● Evaluated whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.; and
● Performed stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.</td></tr>
</table>

<table>
<tr><td colspan="2">Changes in group composition
Refer to the disclosure of acquisition of subsidiary companies in Note 7, and significant events during the year in Note 41 to the financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Group acquired several subsidiaries during the year which consisting of companies such as below :-

i) Chempro Technology (M) Sdn. Bhd. and Alpha Aim (M) Sdn. Bhd. ("Chempro Group");
ii) Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd. ("Nobel Group");
iii) Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) ("HKSB Group"); and
iv) TufBond Technologies Sdn. Bhd. ("TufBond")

The Group has yet to finalise the Purchase Price Allocation ("PPA") exercises in respect of its acquisition of equity interests in the newly acquired subsidiaries, which are expected to be complete during the financial year ending 31 December 2022. Refer to Note 7 for the fair value of the identifiable assets and liabilities within the newly acquired subsidiaries.

The fair values of the identifiable assets and liabilities are based on assumptions that are judgemental. Accordingly, we consider this to be a key audit matter.</td><td>Our procedures included, amongst others:-

● Obtained an understanding of the methodology adopted by the management in estimating the fair values of the identifiable assets and liabilities, assessed whether such methodologies are consistent with those used in the industry;
● Evaluated the appropriateness of the data used by the independent valuers as input into their valuation of the identifiable assets. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
● Reviewed the provisional amounts derived by the management and evaluated the assumptions adopted in arriving at such provisional amounts.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad (incorporated in malaysia)
cont'd

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Global Berhad (incorporated in malaysia)
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (Cont'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 Group's or 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 Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ong Beng Chooi
03155/05/2023 J
Chartered Accountant

Shah Alam

8 April 2022

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

		GROUP		
		2021	2020	1.1.2020
	Note	RM	RM	RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	72,901,981	41,393,295	45,542,372
Investment properties	6	5,789,000	9,733,444	5,249,000
Investment in a joint venture	8	1,480,396	3,512,897	2,935,873
Right-of-use assets	9	30,504,710	20,161,535	18,839,364
Investment in club membership, at cost		46,826	47,389	73,952
Intangible assets	10	150,913,205	14,136,456	8,656,165
Trade receivables	11	576,245	19,553	-
Prepayment	12	2,663,789	2,244,175	2,871,531
Deferred tax assets	23	236,240	-	-
		265,112,392	91,248,744	84,168,257
CURRENT ASSETS				
Inventories	13	152,509,384	81,117,669	79,190,179
Contract assets	14	585,743	-	-
Trade receivables	11	155,686,248	102,799,756	124,833,049
Other receivables, deposits and prepayments	12	14,056,726	8,394,983	5,963,076
Amount due from related companies	15	299,214	5,615,610	2,318,769
Amount due from joint venture	26	1,884,500	-	-
Current tax assets		2,989,248	243,322	454,216
Deposits with licensed banks	16	27,163,448	120,007	115,886
Cash and bank balances		36,789,607	17,204,528	29,434,691
		391,964,118	215,495,875	242,309,866
Asset classified as held for sale	17	6,943,084	310,000	30,843,750
TOTAL ASSETS		664,019,594	307,054,619	357,321,873

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

cont'd

		GROUP		
		2021	2020	1.1.2020
	Note	RM	RM	RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	18	633,878,029	633,878,029	169,912,728
Revaluation reserve	19	17,191,997	13,533,094	7,503,766
Exchange reserve	19	101,676	103,590	(100)
Treasury shares	20	(10,299,274)	-	-
Merger deficit reserve	19	(488,522,471)	(488,732,471)	-
Retained profits		60,613,972	41,012,587	7,923,808
Equity attributable to owners of the Company		212,963,929	199,794,829	185,340,202
Non-controlling interests		14,620,632	1,471,913	-
TOTAL EQUITY		227,584,561	201,266,742	185,340,202
NON-CURRENT LIABILITIES				
Lease liabilities	21	5,017,929	2,222,597	928,182
Term loans	22	141,636,922	9,658,392	12,719,458
Deferred tax liabilities	23	10,074,218	7,256,583	9,532,955
Other liabilities	7	58,000,000	-	-
		214,729,069	19,137,572	23,180,595
CURRENT LIABILITIES				
Trade payables	24	53,099,889	24,835,049	27,452,248
Other payables, deposits received and accruals	25	10,353,306	7,127,045	6,761,397
Provision		-	-	39,006
Amount due to related companies	15	407,625	4,900	46,156
Amount due to a joint venture	26	642,421	1,238,313	821,383
Lease liabilities	21	2,490,876	824,131	528,951
Term loans	22	16,777,749	3,168,496	23,796,957
Bills payable	28	92,987,901	33,018,266	86,433,098
Bank overdraft		89,277	-	-
Revolving credit	29	9,450,000	10,000,000	-
Contract liability	14	1,607,667	-	-
Current tax liabilities		4,799,253	6,434,105	2,921,880
Other liabilities	7	29,000,000	-	-
		221,705,964	86,650,305	148,801,076
TOTAL LIABILITIES		436,435,033	105,787,877	171,981,671
TOTAL EQUITY AND LIABILITIES		664,019,594	307,054,619	357,321,873

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

cont'd

		Company	
		2021	2020
	Note	RM	RM
ASSETS			
NON-CURRENT ASSET			
Investment in subsidiaries	7	903,883,668	623,193,668
CURRENT ASSETS			
Other receivables, deposits and prepayments	12	187,452	33,772
Amount due from subsidiaries	27	35,735,400	27,422,523
Amount due from joint venture	26	1,884,500	-
Dividend receivable		8,500,000	13,800,000
Cash and bank balances		395,967	783,876
		46,703,319	42,040,171
TOTAL ASSETS		950,586,987	665,233,839
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	633,878,029	633,878,029
Treasury shares	20	(10,299,274)	-
Retained profits		88,846,618	24,628,654
TOTAL EQUITY		712,425,373	658,506,683
NON-CURRENT LIABILITIES			
Term loans	22	123,485,000	-
Other liabilities	7	58,000,000	-
		181,485,000	-
CURRENT LIABILITIES			
Other payables and accruals	25	56,607	75,272
Amount due to subsidiaries	27	14,325,797	6,623,884
Term loans	22	13,290,000	-
Current tax liabilities		4,210	28,000
Other liabilities	7	29,000,000	-
		56,676,614	6,727,156
TOTAL LIABILITIES		238,161,614	6,727,156
TOTAL EQUITY AND LIABILITIES		950,586,987	665,233,839

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	30	464,117,699	418,642,497	90,002,767	45,200,000
Cost of sales		(359,109,364)	(327,614,039)	-	-
Gross profit		105,008,335	91,028,458	90,002,767	45,200,000
Other income		3,042,884	3,196,820	17,596	116,235
Selling and marketing expenses		(16,144,991)	(9,582,277)	-	-
Administrative expenses		(29,869,771)	(19,989,728)	(4,784,776)	(1,258,042)
Other expenses		(4,093,881)	(4,851,012)	-	(2,270,429)
Finance costs		(4,059,704)	(3,338,479)	(1,476,984)	-
Net impairment losses on financial assets	31	(727,577)	(352,702)	159,548	-
Share of profit of a joint venture, net of tax	8	410,200	577,024	-	-
Profit before taxation	31	53,565,495	56,688,104	83,918,151	41,787,764
Income tax expense	32	(14,355,758)	(12,204,525)	(3,878)	(28,270)
Profit after taxation		39,209,737	44,483,579	83,914,273	41,759,494

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Other comprehensive income/(expenses):-	33				
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		(9,634)	225	-	-
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property		3,838,710	-	-	-
Total other comprehensive income		3,829,076	225	-	-
Total comprehensive income for the financial year		43,038,813	44,483,804	83,914,273	41,759,494
Profit/(Loss) after taxation attributable to:-					
Owners of the Company		39,460,223	44,535,760	83,914,273	41,759,494
Non-controlling interests		(250,486)	(52,181)	-	-
		39,209,737	44,483,579	83,914,273	41,759,494
Total comprehensive income/(expenses) attributable to:-					
Owners of the Company		43,297,019	44,535,985	83,914,273	41,759,494
Non-controlling interests		(258,206)	(52,181)	-	-
		43,038,813	44,483,804	83,914,273	41,759,494
Earnings per share (sen)	34				
Basic		3.01	3.42		
Diluted		3.01	3.42		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

		← Non-Distributable			→	Distributable			
Group	**Share Capital RM**	**Treasury Shares RM**	**Merger Deficit Reserve RM**	**Exchange Reserve RM**	**Revaluation Reserve RM**	**Retained Profits RM**	**Attributable to Owners of the Company RM**	**Non-controlling interests RM**	**Total Equity RM**
Balance at 1 January 2020									
- as previously reported	169,912,728	-	-	(100)	7,503,766	7,923,808	185,340,202	-	185,340,202
- prior year adjustments	463,965,301	-	(488,732,471)	103,465	16,639,103	8,024,602	-	-	-
As restated	633,878,029	-	(488,732,471)	103,365	24,142,869	15,948,410	185,340,202	-	185,340,202
Profit/(Loss) after taxation for the financial year	-	-	-	-	-	44,535,760	44,535,760	(52,181)	44,483,579
Other comprehensive income for the financial year									
- foreign currency translation differences	-	-	-	225	-	-	225	-	225
Total comprehensive income/ (expenses) for the financial year	-	-	-	225	-	44,535,760	44,535,985	(52,181)	44,483,804
Contributions by and distributions to owners of the Company:									
- acquisition of a subsidiary	-	-	-	-	-	-	-	1,524,094	1,524,094
- purchase of treasury shares	-	(7,706,521)	-	-	-	-	(7,706,521)	-	(7,706,521)
- treasury shares sold	-	7,706,521	-	-	-	2,559,049	10,265,570	-	10,265,570
- dividends	-	-	-	-	-	(32,640,407)	(32,640,407)	-	(32,640,407)
Total transactions with owners	-	-	-	-	-	(30,081,358)	(30,081,358)	1,524,094	(28,557,264)
Realisation of revaluation reserve	-	-	-	-	(10,609,775)	10,609,775	-	-	-
Balance at 31 December 2020	633,878,029	-	(488,732,471)	103,590	13,533,094	41,012,587	199,794,829	1,471,913	201,266,742

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

Group	Note	Share Capital RM	Treasury Shares RM	Merger Deficit Reserve RM	Exchange Reserve RM	Revaluation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling interests RM	Total Equity RM
		← Non-Distributable				→	Distributable			
Balance at 1 January 2021		633,878,029	-	(488,732,471)	103,590	13,533,094	41,012,587	199,794,829	1,471,913	201,266,742
Profit/(Loss) after taxation for the financial year		-	-	-	-	-	39,460,223	39,460,223	(250,486)	39,209,737
Other comprehensive (expenses)/ income for the financial year										
- foreign currency translation differences		-	-	-	(1,914)	-	-	(1,914)	(7,720)	(9,634)
- revaluation of properties		-	-	-	-	3,838,710	-	3,838,710	-	3,838,710
Total comprehensive (expenses)/ income for the financial year		-	-	-	(1,914)	3,838,710	39,460,223	43,297,019	(258,206)	43,038,813
Contributions by and distributions to owners of the Company:										
- acquisition of subsidiaries	7	-	-	210,000	-	-	(342,336)	(132,336)	13,406,925	13,274,589
- purchase of treasury shares	20	-	(10,299,274)	-	-	-	-	(10,299,274)	-	(10,299,274)
- dividends	35	-	-	-	-	-	(19,696,309)	(19,696,309)	-	(19,696,309)
Total transactions with owners		-	(10,299,274)	210,000	-	-	(20,038,645)	(30,127,919)	13,406,925	(16,720,994)
Realisation of revaluation reserve		-	-	-	-	(179,807)	179,807	-	-	-
Balance at 31 December 2021		633,878,029	(10,299,274)	(488,522,471)	101,676	17,191,997	60,613,972	212,963,929	14,620,632	227,584,561

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2021

cont'd

Company	Note	Share Capital RM	Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1 January 2020		633,878,029	(17,997)	12,968,515	646,828,547
Profit after taxation/Total comprehensive income for the financial year		-	-	41,759,494	41,759,494
Contributions by and distribution to owners of the Company:					
- purchase of treasury shares		-	(7,706,521)	-	(7,706,521)
- treasury shares sold		-	7,724,518	2,541,052	10,265,570
- dividends		-	-	(32,640,407)	(32,640,407)
Total transactions with owners		-	17,997	(30,099,355)	(30,081,358)
Balance at 31 December 2020/ 1 January 2021		633,878,029	-	24,628,654	658,506,683
Profit after taxation/Total comprehensive income for the financial year		-	-	83,914,273	83,914,273
Contributions by and distribution to owners of the Company:					
- purchase of treasury shares	20	-	(10,299,274)	-	(10,299,274)
- dividends	35	-	-	(19,696,309)	(19,696,309)
Total transactions with owners		-	(10,299,274)	(19,696,309)	(29,995,583)
Balance at 31 December 2021		633,878,029	(10,299,274)	88,846,618	712,425,373

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	53,565,495	56,688,104	83,918,151	41,787,764
Adjustments for:-				
Amortisation of investment in club membership	563	563	-	-
Amortisation of product development expenditure	280,716	419,385	-	-
Amortisation of trademark	53,333	1,903	-	-
Bad debts written off	1,359,383	180,548	-	-
Deposit written off	36,000	2,000	-	-
Depreciation of property, plant and equipment	4,826,438	2,605,269	-	-
Depreciation of right-of-use assets	1,142,659	869,944	-	-
Impairment losses on:				
- amount due from a subsidiary	-	-	-	1,251,122
- investment in a subsidiary	-	-	-	1,019,307
- trade receivables	10,757	707,536	-	-
Fair value loss on investment property	500,000	-	-	-
Gain on lease termination	(13,362)	-	-	-
Interest expense on lease liabilities	159,780	83,511	-	-
Inventories written down	4,757	31,783	-	-
Investment in club membership written off	-	26,000	-	-
Loss on disposal of non-current asset held for sale	-	843,750	-	-
Other interest expense	3,899,924	3,254,968	1,476,984	-
Plant and equipment written off	-	427	-	-
Dividend income	-	-	(90,002,767)	(45,200,000)
Gain on disposal of property, plant and equipment	(152,997)	(88,851)	-	-
Interest income	(202,030)	(438,209)	(17,595)	(116,235)
Reversal on impairment losses on assets classified as held for sale	(55,557)	-	-	-
Reversal on impairment losses on trade receivables	(582,772)	(535,382)	-	-
Reversal on impairment losses on amount due from a subsidiary	-	-	(1,251,122)	-
Unrealised (gain)/loss on foreign exchange	(533,517)	712,070	-	-
Waiver of amount due from a subsidiary	-	-	1,091,574	-
Write back of inventories	(36,028)	(963,523)	-	-
Share of profit of a joint venture	(410,200)	(577,024)	-	-
Operating profit/(loss) before working capital changes, carried forward	63,853,342	63,824,772	(4,784,775)	(1,258,042)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021
cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Operating profit/(loss) before working capital changes, brought forward		63,853,342	63,824,772	(4,784,775)	(1,258,042)
Changes in working capital:-					
Inventories		(41,016,471)	(995,750)	-	-
Contract assets		(478,631)	-	-	-
Receivables		(15,368,317)	19,706,849	(153,680)	19,879
Payables		11,223,836	(3,061,582)	(18,665)	18,241
Related companies		5,719,121	(3,338,097)	-	-
Joint venture		(2,480,392)	-	-	-
CASH FROM/(FOR) OPERATIONS		21,452,488	76,136,192	(4,957,120)	(1,219,922)
Interest paid		(4,059,704)	(3,338,479)	(1,476,984)	-
Income tax paid		(16,986,970)	(10,744,402)	(23,790)	(270)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		405,814	62,053,311	(6,457,894)	(1,220,192)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	7	(109,483,117)	(5,269,686)	(193,690,000)	(7,750,000)
Addition of intangible assets		(96,264)	(14,361)	-	-
Addition to right-of-use assets	36(a)	(322,979)	(74,034)	-	-
Advances to subsidiaries		-	-	-	(3,262,502)
(Increase)/Decrease in pledged fixed deposits with licensed banks		(5,419,023)	75,032	-	-
Dividend received		2,484,500	-	75,602,580	43,900,000
Interest received		202,030	438,209	17,595	116,235
Placement of deposits with licensed banks		-	(4,121)	-	-
Proceeds from disposal of:					
- property, plant and equipment		463,000	90,750	-	-
- non-current asset held for sale		-	30,000,000	-	-
Purchase of property, plant and equipment		(2,184,353)	(1,392,352)	-	-
Subscription of shares in a subsidiary		-	-	-	(100,000)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(114,356,206)	23,849,437	(118,069,825)	32,903,733

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2021
cont'd

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid		(19,696,309)	(32,640,407)	-	(32,640,407)
Drawdown of revolving credit	36(c)	159,300,000	10,000,000	-	-
Proceeds from sale of treasury shares		-	10,265,570	-	10,265,570
Purchase of treasury shares		(10,299,274)	(7,706,521)	(10,299,274)	(7,706,521)
Net repayment of lease liabilities	36(c)	(643,348)	(535,989)	-	-
Drawdown of term loans	36(c)	139,000,000	-	136,775,000	-
Repayment of term loans	36(c)	(5,618,967)	(23,689,527)	-	-
Repayment of revolving credit		(159,850,000)	-	-	-
Repayment to subsidiaries		-	-	(2,335,916)	(857,832)
Net drawdown/(repayment) of bills payable	36(c)	52,407,357	(53,907,350)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		154,599,459	(98,214,224)	124,139,810	(30,939,190)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,649,067	(12,311,476)	(387,909)	744,351
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		471,153	156,345	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		17,279,560	29,434,691	783,876	39,525
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	36(d)	58,399,780	17,279,560	395,967	783,876

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business are as follows:-

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	64, Jalan Bayu Laut 4/KS09, Kota Bayuemas, 41200 Klang, Selangor.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 March 2022.

Holding Company

The holding company is Hextar Holdings Sdn. Bhd., a company incorporated in Malaysia.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the financial year, the Group adopted merger accounting policy following the voluntary winding up of Hextar Chemicals Limited ("HCL"), a wholly owned subsidiary of the Company as part of the internal group reorganisation exercise to streamline the group structure for greater efficiency.

The remaining subsidiaries and joint venture company of HCL would continue to be consolidated and equity accounted respectively in the consolidated financial statements of the Group since all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory.

The voluntary winding up of its accounting parent, HCL resulted a transfer of its remaining subsidiaries and joint venture company to ultimate holding company involving common control entities since the management of all the entities in the transfer were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3.

The adoption of merger accounting policy apply MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which clarifies that management shall use its judgement in developing and applying an accounting policy that results in information that is:-

(i) Relevant to the economic decision-making needs of users: and

(ii) Reliable, in that financial statements shall provide faithful representation, reflect economic substance, are neutral, are prudent and are complete in making the judgement, management may also consider the most recent pronouncement of other standard-setting bodies, other accounting literature and accepted industry practices.

The adoption of merger accounting policy has been applied retrospectively and the impact on the current year and the comparative figures are disclosed in Note 43.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

3. BASIS OF PREPARATION (Cont'd)

3.2 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendment to MFRS 16: Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Consessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(i) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

(ii) Impairment of property, plant and equipment and investment in subsidiaries

The Group determines whether property, plant and equipment and investment in subsidiaries are impaired by evaluating the extent to which the recoverable amounts of the assets are less than their carrying amounts. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and investment in subsidiaries as at the reporting date are disclosed in Notes 5 and 7 to the financial statements.

(iii) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

(iv) Impairment of trade receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date is disclosed in Notes 11 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(v) Provisional goodwill

Goodwill is the excess of cost of business combination over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed in a business combination. The identifiable assets and liabilities shall be measured at their acquisition date fair values. If a purchase price allocation exercise is not completed as at the reporting date, the Group shall report a provisional goodwill on acquisition.

During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to, including recognition of additional assets and/or liabilities, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. However, the measurement period shall not exceed one year from the acquisition date.

The provisional goodwill on acquisition of Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd. ("Chempro Group") of RM49,999,773 was arrived at the excess of cost of business combination over the carrying amount of the identified assets and liabilities as at the date of acquisition. The carrying amounts of the identified assets and liabilities are estimated to approximate its fair value as at the acquisition date as disclosed in Note 7(a) to the financial statements. The Group currently undertaking a purchase price allocation exercise to determine the fair values of identifiable assets and liabilities, to identify and measure intangible assets, if any.

The provisional goodwill on acquisition of Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd. ("Nobel Group") of RM62,248,738 was arrived at the excess of cost of business combination over the carrying amount of the identified assets and liabilities as at the date of acquisition. The carrying amounts of the identified assets and liabilities are estimated to approximate its fair value as at the acquisition date as disclosed in Note 7(b) to the financial statements. The Group currently undertaking a purchase price allocation exercise to determine the fair values of identifiable assets and liabilities, to identify and measure intangible assets, if any.

The provisional goodwill on acquisition of Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) and its wholly-owned subsidiaries ("HKSB Group") of RM8,113,759 was arrived at the excess of cost of business combination over the carrying amount of the identified assets and liabilities as at the date of acquisition. The carrying amounts of the identified assets and liabilities are estimated to approximate its fair value as at the acquisition date as disclosed in Note 7(c) to the financial statements. The Group currently undertaking a purchase price allocation exercise to determine the fair values of identifiable assets and liabilities, to identify and measure intangible assets, if any.

The provisional goodwill on acquisition of TufBond Technologies Sdn. Bhd. ("TufBond") of RM7,992,300 was arrived at the excess of cost of business combination over the carrying amount of the identified assets and liabilities as at the date of acquisition. The carrying amounts of the identified assets and liabilities are estimated to approximate its fair value as at the acquisition date as disclosed in Note 7(d) to the financial statements. The Group currently undertaking a purchase price allocation exercise to determine the fair values of identifiable assets and liabilities, to identify and measure intangible assets, if any.

The Group has performed the goodwill impairment test on the provisional goodwill and concluded that no impairment is required at this juncture.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Critical accounting estimates and judgements (Cont'd)

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(i) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

(ii) Non-controlling interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(iv) Merger accounting

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The voluntary winding up of its accounting parent, Hextar Chemicals Limited ("HCL") resulted a transfer of its remaining subsidiaries and joint venture company to ultimate holding company involving common control entities since the management of all the entities in the transfer were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted joint ventures.

4.4 Functional and foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Functional and foreign currencies (Cont'd)

(iii) Foreign operations (Cont'd)

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the financial instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments

(a) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) Financial liabilities

(a) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Financial instruments (Cont'd)

(iii) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(b) Treasury shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.6 Investment in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Joint arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture.

(i) Joint Venture

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2021. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains or losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investment in a joint venture are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every three years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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 will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Leasehold land and buildings	Over the remaining lease period
Buildings and structures	2%
Factory equipment and machinery	6.67% - 10%
Forklifts and motor vehicles	20%
Office premises	2%
Renovation	10% - 30%
Tools, equipment, furniture, and fittings	10% - 33.3%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Property, plant and equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

4.9 Investment properties

Investment properties are properties which are owned or right-to-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.10 Product development expenditure

Product development expenditure is recognised as an expense when it is incurred.

Product development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Product development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development

Capitalised product development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Product development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The product development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the product development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4.11 Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

4.12 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Leases (Cont'd)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

4.16 Impairment

(i) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

NOTES TO THE FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an assets is the higher of the assets fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.18 Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.19 Income taxes

(i) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held.

4.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

4.24 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.24 Fair value measurements (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.25 Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Sale of agriculture supplies, consumer products, horticulture and agro-biotechnologies products

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Construction contract

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for works performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.25 Revenue from contracts with customers (Cont'd)

(ii) Construction contract (Cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balances is classified as contract liabilities.

(iii) Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

4.26 Revenue from other sources and other operating income

(i) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

4.27 Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2021	At 1.1.2021 RM	Additions RM	Acquisition of subsidiaries RM	Reclassification RM	Disposal RM	Depreciation charge RM	Foreign currency translation reserve RM	Revaluation (deficit)/ surplus RM	Transfer to right-of -use assets RM	Transfer from investment properties RM	At 31.12.2021 RM
Carrying amount											
Freehold land and buildings	12,147,884	-	4,641,777	-	-	(108,543)	307	(110,651)	-	-	16,570,774
Leasehold buildings	19,185,203	-	-	-	-	(543,692)	-	127,696	-	-	18,769,207
Building and structures	2,253,480	-	8,215,732	-	-	(84,244)	-	68,436	-	-	10,453,404
Office premises	-	-	3,675,018	-	-	13,819	-	-	-	1	3,688,838
Capital work-in-progress	6,000	274,517	652,570	(6,000)	-	-	-	-	-	-	927,087
Renovation	69,567	35,518	1,520,298	6,000	-	(112,071)	(8)	-	-	-	1,519,304
Forklift and motor vehicles	180,980	35,302	1,129,220	-	(3)	(237,078)	(150)	-	(328,963)	-	779,308
Tools, equipment, furniture and fittings	3,526,173	206,050	5,408,304	-	-	(1,326,160)	64,217	-	-	-	7,878,584
Factory equipment and machinery	4,024,008	1,632,966	9,596,556	-	-	(2,428,469)	(66,486)	-	(443,100)	-	12,315,475
	41,393,295	2,184,353	34,839,475	-	(3)	(4,826,438)	(2,120)	85,481	(772,063)	1	72,901,981

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5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2020	At 1.1.2020 RM	Additions RM	Acquisition of a subsidiary RM	Reclassification RM	Disposal RM	Write off RM	Depreciation charge RM	Transfer from right-of-use assets RM	Transfer to investment properties RM	At 31.12.2020 RM
Carrying amount										
Freehold land and buildings	15,968,330	-	-	214,350	-	-	(90,352)	-	(3,944,444)	12,147,884
Leasehold buildings	20,102,754	-	-	-	-	-	(917,551)	-	-	19,185,203
Building and structures	1,559,685	-	750,000	-	-	-	(56,205)	-	-	2,253,480
Capital work-in-progress	3,165,914	355,868	-	(3,515,782)	-	-	-	-	-	6,000
Renovation	1	-	70,545	-	-	-	(979)	-	-	69,567
Forklift and motor vehicles	77,749	25,156	120,940	-	(1,899)	-	(48,469)	7,503	-	180,980
Tools, equipment, furniture and fittings	543,016	342,965	61,620	3,301,432	-	(427)	(722,433)	-	-	3,526,173
Factory equipment and machinery	4,124,923	668,363	2	-	-	-	(769,280)	-	-	4,024,008
	45,542,372	1,392,352	1,003,107	-	(1,899)	(427)	(2,605,269)	7,503	(3,944,444)	41,393,295

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2021	At cost RM	At valuation RM	Accumulated depreciation RM	Accumulated impairment lossess RM	Carrying amount RM
Freehold land and buildings	-	16,570,774	-	-	16,570,774
Leasehold buildings	-	18,922,000	(152,793)	-	18,769,207
Building and structures	-	10,584,025	(130,621)	-	10,453,404
Office premises	-	4,174,031	(485,193)	-	3,688,838
Capital work-in-progress	927,087	-	-	-	927,087
Renovation	4,911,289	-	(3,299,795)	(92,190)	1,519,304
Forklift and motor vehicles	7,874,745	-	(7,095,437)	-	779,308
Tools, equipment, furniture and fittings	24,342,513	-	(15,676,578)	(787,351)	7,878,584
Factory equipment and machinery	64,120,863	-	(49,743,361)	(2,062,027)	12,315,475
Bearer plant	611,796	-	(46,728)	(565,068)	-
	102,788,293	50,250,830	(76,630,506)	(3,506,636)	72,901,981
2020					
Freehold land and buildings	-	12,298,623	(150,739)	-	12,147,884
Leasehold buildings	-	20,600,000	(1,414,797)	-	19,185,203
Building and structures	-	2,350,000	(96,520)	-	2,253,480
Capital work-in-progress	6,000	-	-	-	6,000
Renovation	508,994	-	(347,237)	(92,190)	69,567
Forklift and motor vehicles	2,904,127	-	(2,723,147)	-	180,980
Tools, equipment, furniture and fittings	12,383,238	-	(8,069,714)	(787,351)	3,526,173
Factory equipment and machinery	21,489,718	-	(15,403,683)	(2,062,027)	4,024,008
Bearer plant	611,796	-	(46,728)	(565,068)	-
	37,903,873	35,248,623	(28,252,565)	(3,506,636)	41,393,295

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5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Assets pledged as security to financial institutions

The land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements are:-

	Group	
	2021	**2020**
	RM	**RM**
Freehold land and buildings	18,840,713	7,019,492
Leasehold buildings	10,500,000	11,496,688
	29,340,713	18,516,180

(b) Revaluation of land and buildings

During the financial year, the Group's land and buildings were revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 33 to the financial statements and accumulated in equity under the revaluation reserve.

The fair values of the land and buildings are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the land and buildings are based on the highest and best use which does not differ from their actual use.

Had the revalued properties been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2021	**2020**
	RM	**RM**
Freehold land and buildings	20,339,085	8,789,606
Leasehold buildings	12,979,501	13,251,868
Building and structures	1,571,297	2,186,065
Office premises	3,688,837	-
	38,578,720	24,227,539

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31 December 2021
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6. INVESTMENT PROPERTIES

	Group	
	2021	2020
	RM	RM
Carrying amount		
At 1 January	9,733,444	5,249,000
Acquisition of a subsidiary	-	850,000
Transfer (to)/from property, plant and equipment	(1)	3,944,444
Transfer to asset classified as held for sale	(3,944,443)	(310,000)
At 31 December	5,789,000	9,733,444
Included in the above are:-		
Freehold building, at fair value	850,000	850,000
Office premises, at fair value	-	3,944,444
Leasehold land and building, at fair value	4,939,000	4,939,000
	5,789,000	9,733,444

The office premises have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and restrictions. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At 1 January	628,878,126	621,028,126
Addition during the financial year	280,690,000	7,850,000
	909,568,126	628,878,126
Less: Accumulated impairment losses	(5,684,458)	(5,684,458)
At 31 December	903,883,668	623,193,668

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Direct holding:				
Halex (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing, distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and distributions of disposable healthcare products
Halex Link Sdn. Bhd. +	Malaysia	100	100	Business of real property, to carry out business of buy or rent of properties
Halex Management Sdn. Bhd.	Malaysia	100	100	Provider of management services
Hextar Chemicals Group Sdn. Bhd.	Malaysia	100	100	Investment holding
Hextar IOT Sdn. Bhd.	Malaysia	100	100	Marketing, distribution and supply consultancy and management services of smart agriculture products
Hextar Biogas BEE Sdn. Bhd.	Malaysia	55	55	Providing services related to integrated process and system using biological green technology to produce methane gas or organic fertiliser and investment holding
Chempro Technology (M) Sdn. Bhd.	Malaysia	100	-	General agent and trader in institutional and industrial chemicals
Alpha Aim (M) Sdn. Bhd.	Malaysia	100	-	Manufacturing and trading industrial chemicals detergent and related products
Nobel Synthetic Polymer Sdn. Bhd.	Malaysia	100	-	Manufacturing of chemical derivatives, coating and related products
Nobel Scientific Sdn. Bhd.	Malaysia	100	-	Manufacturing of chemicals derivatives, coating and related products
Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) *	Malaysia	49 @	-	Trading of gas and chemical related services
TufBond Technology Sdn. Bhd.	Malaysia	100	-	Trading of polymers, adhesive products, machineries, provision of technical assistance and technology transfer

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Direct holding: (Cont'd)				
Hextar Agriculture Sdn. Bhd.	Malaysia	100	-	Manufacturing and marketing of a wide range of fertilisers and the trading of agrochemical products
Indirect holding through Halex (M) Sdn. Bhd.:				
Halex Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	Malaysia	100	100	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd. *	Singapore	100	100	Trading of fertilisers and agrochemicals. Did not trade since incorporation
Halex Marketing Sdn. Bhd.	Malaysia	100	100	Trading of disposal healthcare products
Halex Biotechnologies Sdn. Bhd.	Malaysia	100	100	Horticulture and agro-biotechnology. Temporary ceased operations since the previous financial year
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding through Hextar Chemicals Group Sdn. Bhd.:				
Hextar Chemicals Sdn. Bhd.	Malaysia	100	100	Manufacturing, exporting and distributing agri-chemicals
Hextar R&D International Sdn. Bhd.	Malaysia	100	100	Providing specialist services for product testing, research, development and product formulation registration

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31 December 2021
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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Indirect holding through Hextar Biogas BEE Sdn. Bhd.:				
Biogas Environmental Engineering Sdn. Bhd.	Malaysia	100	100	Engaged in the business of biological technology to process the waste material from palm oil processing mill or other industries to produce methane (biogas) or organic fertiliser
Indirect holding through Chempro Tehcnology (M) Sdn. Bhd.:				
Protek Chemicals & Engineering (B) Sdn. Bhd. *	Brunei	99.99	-	Retailer of specialized cleaning and sanitizing chemicals and other related services
Indirect holding through Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.):				
Hextar Oilfield Chemicals Sdn. Bhd. (formerly known as ENRA Oilfield Chemicals Sdn. Bhd.) *	Malaysia	100	-	Dormant
Hextar Downstream Services Sdn. Bhd. (formerly known as ENRA Downstream Services Sdn. Bhd.) *	Malaysia	100	-	Dormant
Hextar Kimia (Australia) Pty. Ltd. (formerly known as ENRA Kimia (Australia) Pty. Ltd.) ("HKA") * #	Australia	100	-	Investment holding
International Chemicals Engineering Pty. Ltd. *^	Australia	100	-	Supplier of liquid odorant, dosing systems and servicing to gas delivery and storage systems

 # - not required to be audited and consolidated using audited financial statements
** - audited by other firm of chartered accountants*
^ - wholly-owned subsidiaries of HKA
@ - Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) is treated as a subsidiary by virtue of power to effect the variable returns
+ - in member's voluntary winding up

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) On 23 July 2021, the Company had acquired 100% equity interests in Chempro Technology (M) Sdn. Bhd. and its wholly-owned subsidiary as well as Alpha Aim (M) Sdn. Bhd. ("Chempro Group"). The acquisition of Chempro Group is to enable the Group to diversify its business activities into manufacturing and distribution of specialty chemicals.

The fair value of the identifiable assets and liabilities of Chempro Group as at the date of acquisition were:

	Group 2021 RM
Property, plant and equipment	13,908,470
Inventories	15,282,439
Trade receivables	20,906,044
Other receivables, deposits and prepayments	4,210,117
Current tax assets	942,894
Deposit with licensed bank	29,279,420
Cash and cash equivalents	17,542,684
Non-current asset held for sale	3,443,084
Term loan	(4,672,718)
Lease liabilities	(565,590)
Deferred tax liabilities	(86,545)
Trade payables	(8,234,767)
Other payables	(3,336,132)
Current tax liabilities	(619,173)
Fair value of net identifiable assets acquired	88,000,227
Goodwill arising from the acquisition	49,999,773
Total consideration for the acquisition	138,000,000

<u>Effect of the acquisition on cash flows</u>

	Group 2021 RM	Company 2021 RM
Consideration settled in cash	138,000,000	138,000,000
Less: Contingent consideration (Note 7(g))	(39,000,000)	(39,000,000)
Less: Cash and cash equivalents acquired	(46,822,104)	-
Net cash outflow from the acqusition	52,177,896	99,000,000

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Acquisition-related costs

The Group has incurred acquisition-related costs of RM879,905 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of Chempro Group are provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM49,999,773. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

Impact of the acquisition on the Group's results

Since the date of acquisition, Chempro Group has contributed revenue of RM53,369,814 and profit after taxation of RM3,110,902 to the Group's profit for the period.

(b) On 18 November 2021, the Company had acquired 100% equity interests in Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd. ("Nobel Group"). The acquisition of Nobel Group is to enable the Group to diversify its business activities into manufacturing and distribution of specialty chemicals.

The fair value of the identifiable assets and liabilities of Nobel Group as at the date of acquisition were:

	Group 2021 RM
Property, plant and equipment	295,673
Intangible assets	1,147,494
Inventories	6,521,929
Trade receivables	6,609,443
Other receivables, deposits and prepayments	1,401,861
Current tax assets	1,124,695
Cash and cash equivalents	27,748,782
Trade payables	(1,593,300)
Other payables	(505,315)
Fair value of net identifiable assets acquired	42,751,262
Goodwill arising from the acquisition	62,248,738
Total consideration for the acquisition	105,000,000

Effect of the acquisition on cash flows

	Group 2021 RM	Company 2021 RM
Consideration settled in cash	105,000,000	105,000,000
Less: Contingent consideration (Note 7(g))	(42,000,000)	(42,000,000)
Less: Cash and cash equivalents acquired	(27,748,782)	-
Net cash outflow from the acqusition	35,251,218	63,000,000

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(b) Acquisition-related costs

The Group has incurred acquisition-related costs of RM661,784 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of Nobel Group are provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM62,248,738. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

Impact of the acquisition on the Group's results

Since the date of acquisition, Nobel Group has contributed revenue of RM6,547,190 and profit after taxation of RM2,724,704 to the Group's profit for the period.

(c) On 30 November 2021, the Company had acquired 49% equity interests in Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) and its wholly-owned subsidiaries ("HKSB Group"). The acquisition of HKSB Group is to enable the Group to diversify its business activities into manufacturing and distribution of specialty chemicals.

The fair value of the identifiable assets and liabilities of HKSB Group as at the date of acquisition were:

	Group 2021 RM
Property, plant and equipment	18,542,491
Right-of-use assets	2,703,902
Intangible assets	3,508,861
Deferred tax assets	236,225
Goodwill	4,003,609
Inventories	5,483,313
Contract assets	107,112
Trade receivables	4,584,571
Other receivables, deposits and prepayments	3,195,563
Current tax assets	229,943
Deposits with licensed bank	5,465,634
Cash and cash equivalents	2,580,069
Term loan	(7,534,032)
Lease liabilities	(920,332)
Deferred taxation liablities	(691,875)
Trade payables	(2,617,586)
Other payables	(908,986)
Lease liabilities	(499,637)
Bill payables	(6,828,658)
Overdraft	(510,588)
Current tax liabilities	(336,433)
Fair value of net identifiable assets acquired	29,793,166
Non-controlling interests measured at the non-controlling interests' proportionate share of the fair value of the net identifiable assets	(13,406,925)
Goodwill arising from the acquisition	8,113,759
Total consideration for the acquisition	24,500,000

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(c) Effect of the acquisition on cash flows

	Group 2021 RM	Company 2021 RM
Consideration settled in cash	24,500,000	24,500,000
Less: Cash and cash equivalents acquired	(7,535,115)	-
Net cash outflow from the acqusition	16,964,885	24,500,000

Acquisition-related costs

The Group has incurred acquisition-related costs of RM262,258 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of HKSB Group are provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM8,113,759. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

Impact of the acquisition on the Group's results

Since the date of acquisition, HKSB Group has contributed revenue of RM3,132,029 and profit after taxation of RM273,874 to the Group's profit for the period.

(d) On 3 December 2021, the Company had acquired 100% equity interests in TufBond Technologies Sdn. Bhd. ("TufBond"). The acquisition of TufBond is to enable the Group to diversify its business activities into manufacturing and distribution of specialty chemicals.

The fair value of the identifiable assets and liabilities of TufBond as at the date of acquisition were:

	Company 2021 RM
Property, plant and equipment	1,875,829
Inventories	3,098,091
Trade receivables	1,823,847
Other receivables, deposits and prepayments	155,789
Deposits with licensed bank	628,041
Cash and cash equivalents	500,688
Lease liabilities	(590,649)
Deferred taxation liablities	(155,298)
Trade payables	(1,655,657)
Other payables	(373,446)
Bill payables	(209,000)
Current tax liabilities	(90,535)
Fair value of net identifiable assets acquired	5,007,700
Goodwill arising from the acquisition	7,992,300
Total consideration for the acquisition	13,000,000

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(d) Effect of the acquisition on cash flows

	Group 2021 RM	Company 2021 RM
Consideration settled in cash	13,000,000	13,000,000
Less: Contingent consideration (Note 7(g))	(6,000,000)	(6,000,000)
Less: Cash and cash equivalents acquired	(1,128,729)	-
Net cash outflow from the acqusition	5,871,271	7,000,000

Acquisition-related costs

The Group has incurred acquisition-related costs of RM84,360 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

Provisional accounting of acquisition

The fair value adjustments and the goodwill on acquisition in relation to the acquisition of TufBond are provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM7,992,300. Goodwill arising from this acquisition and any identified intangible assets will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

Impact of the acquisition on the Group's results

Since the date of acquisition, TufBond Group has contributed revenue of RM1,033,908 and loss after taxation of RM112,049 to the Group's profit for the period.

(e) On 29 December 2021, the Company had acquired 100% equity interests in Hextar Agriculture Sdn. Bhd. ("HAGSB"). The acquisition of HAGSB is to enable the Group to further involve in the agriculture sector and expand the Group's business by widening customer base and leverage on existing network of customers.

The fair value of the identifiable assets and liabilities of HAGSB as at the date of acquisition were:

	2021 RM
Property, plant and equipment	217,012
Trade receivables	615,702
Other receivables, deposits and prepayments	805,156
Current tax assets	5,750
Cash and cash equivalents	972,153
Other payables	(2,558,109)
Fair value of net identifiable assets acquired	57,664

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(e) Effect of the acquisition on cash flows

	Group 2021 RM	Company 2021 RM
Consideration settled in cash	190,000	190,000
Less: Cash and cash equivalents acquired	(972,153)	-
Net cash (inflow)/outflow from the acquisition	(782,153)	190,000

Acquisition-related costs

The Group has incurred acquisition-related costs of RM576 related to external professional fees. These expenses were recognised in "Administrative Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.

(f) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		Group	
	2021 %	2020 %	2021 RM	2020 RM
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	45	45	1,081,751	1,471,913
Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) and its subsidiaries	51	-	13,406,925	-

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(f) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Hextar Biogas BEE Sdn. Bhd. and its subsidiary 2021 RM	2020 RM
At 31 December		
Non-current assets	1,781,168	1,854,976
Current assets	1,691,661	2,486,000
Non-current liabilities	(66,437)	(72,472)
Current liabilities	(1,002,501)	(997,586)
Net assets	2,403,891	3,270,918
Financial Year Ended 31 December		
Revenue	667,122	-
Loss for the financial year	(867,027)	(115,958)
Total comprehensive expenses	(867,027)	(115,958)
Total comprehensive expenses attributable to non-controlling interests	(390,162)	(52,181)
Net cash flows for operating activities	(1,249,356)	(120,080)
Net cash flows (for)/from investing activities	(10,179)	31,007

	Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) and its subsidiary 2021 RM
At 31 December	
Non-current assets	29,245,187
Current assets	20,504,517
Non-current liabilities	(9,154,880)
Current liabilities	(10,542,921)
Net assets	30,051,903
Financial Year Ended 31 December	
Revenue	3,132,029
Profit for the financial year	273,874
Total comprehensive income	258,737
Total comprehensive income attributable to non-controlling interests	131,956
Net cash flows from operating activities	354,406
Net cash flows for investing activities	(284,707)
Net cash flows for financing activities	(1,566,883)

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7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(g) Contingent consideration arising from business acquisitions

As part of the purchase agreement with the previous owners, contingent considerations have been agreed with the previous owners of the newly acquired subsidiaries. The payment of the said contingent consideration is dependent on the profit after tax generated by the following subsidiaries within the profit guarantee period of 3 years.

		Note	Group and Company 2021 RM
i.	Chempro Group of Companies consist of:-	7(a)	39,000,000
	a. Chempro Technology (M) Sdn. Bhd.		
	b. Alpha Aim (M) Sdn. Bhd.		
	c. Proteck Chemicals & Engineering (B) Sdn. Bhd.		
ii.	Nobel Group of Companies consist of:-	7(b)	42,000,000
	a. Nobel Synthetic Polymer Sdn. Bhd.		
	b. Nobel Scientific Sdn. Bhd.		
iii.	TufBond Technologies Sdn. Bhd.	7(d)	6,000,000
			87,000,000

The abovementioned contingent consideration is disclosed in the Statement of Financial Position of the Group as appended below:-

	Group and Company 2021 RM
Non-current liabilities	58,000,000
Current liabilities	29,000,000
	87,000,000

8. INVESTMENT IN A JOINT VENTURE

	Group 2021 RM	Group 2020 RM
Unquoted shares, at cost	2,675,000	2,675,000
Share of post-acquisition reserves:-		
At 1 January	837,897	260,873
Share of profit for the financial year	451,999	577,024
Dividend received	(2,484,500)	-
At 31 December	(1,194,604)	837,897
	1,480,396	3,512,897

(a) The Group's involvement in the joint arrangement is structured through separate vehicle which provides the Group a contractual right to the net assets of the entity. Accordingly, the Group has classified this investment as a joint venture.

(b) Although the Group holds 50% of the voting rights in the joint venture, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee that require unanimous consent by all shareholders.

The details of the joint venture which the principal place of business is in Malaysia, are as follows:-

Name of Joint Venture	Effective Equity Interest 2021 %	Effective Equity Interest 2020 %	Principal Activities
Hextar Unitop Sdn. Bhd.	50	50	Manufacturing, exporting, importing and marketing of surfactants, specialty chemicals, intermediates, agrochemical additives, oil field chemicals, emulsifiers and agrichemicals.

The summarised financial information of the joint venture is as follows:-

	2021 RM	2020 RM
At 31 December		
Non-current assets	708,793	605,891
Current assets	3,902,052	6,937,236
Current liabilities	(2,085,752)	(961,030)
Non-current liability	(121,000)	(113,000)
Net assets	2,404,093	6,469,097
Financial year ended 31 December		
Revenue	7,187,372	10,770,615
Profit for the financial year	903,998	1,154,048
Dividend received	2,484,500	-
Net cash flows from operating activities	1,104,146	1,781,288
Net cash flows (for)/from investing activities	(5,199,299)	27,712
Net cash flows from financing activities	1,884,500	-

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9. RIGHT-OF-USE ASSETS

Group	At 1.1.2021	Additions	Disposal	Reassesment of lease liabilities	Depreciation charge	Foreign currency translation reserve	Acquisition of subsidiaries	Transfer from PPE	Revaluation surplus	At 31.12.2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021										
Carrying amount										
Leasehold land	17,019,978	-	-	-	(257,759)	-	1,225,992	-	5,144,706	23,132,917
Forklift and motor vehicles	721,095	997,999	-	-	(331,115)	(13)	251,310	328,963	-	1,968,329
Hostels	86,505	202,739	-	206,246	(112,458)	-	-	-	-	383,032
Warehouse	2,131,550	417,871	(180,580)	-	(396,804)	-	-	-	-	1,972,037
Office	-	-	-	-	(30,151)	(382)	1,226,600	-	-	1,196,067
Factory	-	1,221,283	-	-	-	-	-	-	-	1,221,283
Plant and machinery	202,407	-	-	-	(14,372)	-	-	443,100	-	631,135
	20,161,535	2,839,892	(180,580)	206,246	(1,142,659)	(395)	2,703,902	772,063	5,144,706	30,504,710

Group	At 1.1.2020	Additions	Depreciation charge	Transfer to property, plant and equipment	At 31.12.2020
	RM	RM	RM	RM	RM
2020					
Carrying amount					
Leasehold land	17,201,653	-	(181,675)	-	17,019,978
Forklift and motor vehicles	1,011,514	-	(282,916)	(7,503)	721,095
Hostels	232,197	-	(145,692)	-	86,505
Warehouse	394,000	1,984,037	(246,487)	-	2,131,550
Plant and machinery	-	215,581	(13,174)	-	202,407
	18,839,364	2,199,618	(869,944)	(7,503)	20,161,535

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9. RIGHT-OF-USE ASSETS (Cont'd)

Group 2021	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	23,272,863	(139,946)	23,132,917
Forklift and motor vehicles	3,389,369	-	(1,421,130)	1,968,239
Hostels	534,148	-	(151,116)	383,032
Warehouse	2,420,076	-	(448,039)	1,972,037
Office	2,658,682	-	(1,462,615)	1,196,067
Factory	2,028,119	-	(806,836)	1,221,283
Plant and machinery	747,581	-	(116,446)	631,135
	11,777,975	23,272,863	(4,546,128)	30,504,710

Group 2020	At cost RM	At valuation RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land	-	17,735,530	(715,552)	17,019,978
Forklift and motor vehicles	1,270,462	-	(549,367)	721,095
Hostels	291,375	-	(204,870)	86,505
Warehouse	2,378,037	-	(246,487)	2,131,550
Plant and machinery	215,581	-	(13,174)	202,407
	4,155,455	17,735,530	(1,729,450)	20,161,535

(a) The Group leases certain pieces of leasehold land, forklifts, motor vehicles, hostels, office, factory, warehouse and plant and machinery of which the leasing activities are summarised below:-

(i) Leasehold land

The Group has entered into 8 (2020 - 7) non-cancellable operating lease agreements for the use of land. All the leases are for a period of 99 (2020 - 99) years except for two leases which are for a period of 60 and 999 (2020 - 60 and 999) years respectively. All the leases have no renewal or purchase option included in the agreements. One of the leases does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(ii) Forklift and motor vehicles

The Group has leased certain forklift and motor vehicles under hire purchase arrangements. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount.

(iii) Hostels

The Group has leased a number of hostels that run for a period of 2 (2020 - 2) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

9. RIGHT-OF-USE ASSETS (Cont'd)

(a) (iv) Warehouses

The Group has leased a number of warehouses for a period ranging from 2 to 5 (2020 - 2 to 5) years, with an option to renew the lease after that date. The leases do not contain any variable lease payments.

(v) Plant and machinery

The Group has leased a plant and machinery under hire purchase. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount.

(b) The leasehold land of Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(c) During the financial year, the Group's leasehold land are revalued by independent professional valuers. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income, as disclosed in Note 33 to the financial statements and accumulated in equity under the revaluation reserve.

The fair values of the leasehold land are within level 2 of the fair value hierarchy.

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between levels of fair value hierarchy during the financial year.

The fair value measurements of the leasehold land are based on the highest and best use which does not differ from their actual use.

Had the revalued leasehold land been carried at historical cost less accumulated depreciation, their carrying amounts would have been:-

	Group	
	2021	2020
	RM	RM
Leasehold land	5,901,603	4,715,733

(d) The Group also has leases motor vehicles and premises with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(e) The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in circumstances within its control. During the financial year, the financial effect of revising the lease terms to reflect the effect of exercising the extension options was an increase in recognised lease liabilities and right-of-use assets of RM206,246 (2020 - RM nil).

10. INTANGIBLE ASSETS

	Group 2021 RM	Group 2020 RM
Goodwill on consolidation	145,694,067	13,335,888
Product development expenditure	612,829	797,281
Trademark	4,606,309	3,287
	150,913,205	14,136,456

(a) Goodwill on consolidation

	Group 2021 RM	Group 2020 RM
Cost		
At 1 January	13,335,888	7,448,670
Acquisition of a subsidiary	132,358,179	5,887,218
At 31 December	145,694,067	13,335,888

Impairment testing

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	Group 2021 RM	Group 2020 RM
Hextar Chemicals Group Sdn. Bhd. and its subsidiaries	7,448,670	7,448,670
Hextar Biogas BEE Sdn. Bhd. and its subsidiary	5,887,218	5,887,218
Alpha Aim (M) Sdn. Bhd. and Chempro Technology (M) Sdn. Bhd. and its subsidiary	49,999,773	-
Nobel Synthetic Polymer Sdn. Bhd. and Nobel Scientific Sdn. Bhd.	62,248,738	-
Hextar Kimia Sdn. Bhd. (formerly known as ENRA Kimia Sdn. Bhd.) and its subsidiaries	12,117,368	-
TufBond Technology Sdn. Bhd.	7,992,300	-
	145,694,067	13,335,888

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10. INTANGIBLE ASSETS (Cont'd)

(a) Impairment testing (Cont'd)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a five-years period.

Key assumptions used in value-in-use calculations

		Group	
		2021	**2020**
1.	Discount rate The discount rate is on a pre-tax basis that reflects current market assessment of time value of money and the risks specific to the CGU.	5%	5%
2.	Growth rate This is based on the management forecasts after incorporating changes in pricing and direct costs based on past experience and the expectations of future changes in the market.	8% - 10%	8% - 9%
3.	Profit margin Net cash projections for the relevant cash flow period are extrapolated based on past gross/net profit generated by the CGU divided by the gross revenue generated by the respective CGU.	22% - 45%	22% - 32%

In assessing the value-in-use, the management believes that there is no reasonably possible change in the above key assumptions applied that is likely to cause the carrying amount of the respective CGU to materially exceed its recoverable amount.

(b) Product development expenditure

	Group	
	2021 RM	**2020 RM**
Cost		
At 1 January	4,049,663	4,040,492
Additions during the financial year	96,264	9,171
At 31 December	4,145,927	4,049,663
Accumulated amortisation		
At 1 January	(3,252,382)	(2,832,997)
Amortisation charge during the financial year	(280,716)	(419,385)
At 31 December	(3,533,098)	(3,252,382)
Carrying amount	612,829	797,281

The development expenditure incurred during the financial year is in respect of fees paid to external researchers for product development purposes and belong to the Group's "Agriculture" reportable segment. The amortisation charge is recognised in the profit or loss under the "Other expenses" line item.

10. INTANGIBLE ASSETS (Cont'd)

(c) Trademark

	Group	
	2021	2020
	RM	RM
Cost		
At 1 January	5,190	-
Acquisition of subsidiaries	5,965,146	-
Addition during the financial year	-	5,190
At 31 December	5,970,336	5,190
Accumulated amortisation		
At 1 January	(1,903)	-
Acquisition of subsidiaries	(1,308,791)	-
Amortisation charge during the financial year	(53,333)	(1,903)
At 31 December	(1,364,027)	(1,903)
Carrying amount	4,606,309	3,287

11. TRADE RECEIVABLES

	Group	
	2021	2020
	RM	RM
Non-current:-		
Third party	576,245	19,553
Current:-		
Related parties	48,143,949	38,322,970
Third parties	109,287,976	65,734,820
	157,431,925	104,057,790
Less: Allowance for impairment losses	(1,745,677)	(1,258,034)
Net trade receivables	155,686,248	102,799,756
Allowance for impairment losses:-		
At 1 January	(1,258,034)	(1,085,880)
Acquisition of subsidiaries	(1,059,658)	-
Addition during the financial year	(10,757)	(707,536)
Reversal during the financial year	582,772	535,382
At 31 December	(1,745,677)	(1,258,034)

The Group's normal credit terms for trade receivables range from 30 to 120 days (2020 - 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Non-current:-					
Prepayment	(a)	2,663,789	2,244,175	-	-
Current:-					
Other receivables		1,190,358	305,758	9,558	9,558
Advances to suppliers	(b)	2,461,132	4,025,579	-	-
Deposits		1,961,991	461,640	3,500	3,500
Prepayments		7,881,610	3,476,487	174,394	20,714
GST recoverable		561,635	125,519	-	-
		14,056,726	8,394,983	187,452	33,772

(a) Non-current prepayment represents product registration fees paid to internal researchers for product development purposes for a period of 5 years (2020 - 5 years).

(b) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

13. INVENTORIES

	Group	
	2021 RM	2020 RM
Raw materials	77,374,392	51,877,926
Packaging materials	7,348,458	6,878,480
Finished goods	51,462,659	19,144,068
Consumables	695,813	62,614
Goods-in-transit	15,628,062	3,154,581
	152,509,384	81,117,669
Recognised in profit or loss:-		
Inventories recognised as cost of sales	353,492,810	321,180,223
Inventories written down to net realisable value	4,757	31,783
Write back of inventories	(36,028)	(963,523)

The write back was in respect of inventories sold above carrying amounts during the financial year.

14. CONTRACT ASSETS/(LIABILITY)

(a) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied. No impairment is required as the amount is negligible.

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14. CONTRACT ASSETS/(LIABILITY) (Cont'd)

(a)

	Group 2021 RM
Balance at beginning of financial year	-
Acquisition of subsidiaries	107,112
Revenue recognised during the year	585,743
Less: Billings	(107,112)
Balance at end of financial year	585,743

Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 11 to the financial statements.

(b) The contract liability primarily relates to advance considerations received from few customers. The amount will be recognised as revenue when the performance obligations are satisfied of which the revenue will be recognised.

(c) No expected credit loss was recognised arising from the contract asset of the Company as it is negligible.

15. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group	
	2021 RM	2020 RM
Amount due from related companies:-		
Trade balances	299,214	5,615,610
Amount due to related companies:-		
Trade balances	(407,625)	(4,900)

The trade balances are subject to the normal credit terms of 30 to 90 days (2020 - 30 to 90 days).

16. DEPOSITS WITH LICENSED BANKS

(a) The deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.00% to 2.49% (2020 - 1.50% to 2.49%) per annum. The deposits have maturity periods ranging from 30 to 90 (2020 - 30 to 92) days.

(b) Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM5,463,998 (2020 - RM44,975) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

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17. ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2021	2020
	RM	RM
At 1 January	310,000	30,843,750
Revaluation deficit	(500,000)	-
Acquisition of subsidiaries	3,443,084	-
Transfer from investment properties	3,944,443	310,000
Reversal of allowance on impairment loss	55,557	-
Disposal during the financial year	(310,000)	(30,843,750)
At 31 December	6,943,084	310,000

The office premises have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

Asset classified as held for sale in the current financial year

The Group entered into a Sale and Purchase Agreement on 31 May 2021 with the purchaser to dispose of a piece of freehold land for a total consideration of RM3,500,000.

The Group entered into a Sale and Purchase Agreement on 28 June 2021 with the purchaser to dispose of a piece of freehold building for a total consideration of RM3,443,084.

The transactions are pending the completion of certain conditions precedent as at the end of the reporting period.

Asset classified as held for sale in the previous financial year

The Group entered into a Sale and Purchase Agreement on 9 December 2020 with the purchaser to dispose of a piece of freehold land for a total consideration of RM300,000.

The disposal was completed on 16 February 2021 with the loss on disposal of RM10,000 recognised in the "administrative expenses" line items of the Statements of Profit or Loss and Other Comprehensive Income. The asset classified as held for sale belongs to Group's "Investment holding" reportable segment.

18. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2021	2020	2021	2020
	Unit	Unit	RM	RM
Issued and fully paid-up				
Ordinary shares				
At 1 January	820,679,564	820,679,564	633,878,029	633,878,029
Bonus issue	492,407,720	-	-	-
At 31 December	1,313,087,284	820,679,564	633,878,029	633,878,029

(a) The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

19. RESERVES

The nature of reserves of the Group is as follows:-

(a) Revaluation reserve

The revaluation reserve represents:-

(i) the increase in the fair value of the freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income; and

(ii) revaluation surpluses (net of deferred taxation) of leasehold land immediately prior to its reclassification as right-of-use assets upon the adoption of MFRS 16 'Leases' in 2019.

(b) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

(c) Merger deficit reserve

	Group	
	2021	**2020**
	RM	**RM**
Merger deficit reserve	488,522,471	488,732,471

The merger deficit reserve arises from the difference between the carrying value of the investment and the nominal value of shares of a subsidiary upon consolidation under the merger accounting principles.

20. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchased plan can be applied in the best interest of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

During the financial year, the Company purchased 8,188,000 of its issued ordinary shares from the open market at an average price of RM1.26 per share. The total consideration paid for the purchase was RM10,299,274 including transaction costs.

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21. LEASE LIABILITIES

	Group	
	2021	2020
	RM	RM
At 1 January	3,046,728	1,457,133
Acquisition of subsidiaries	2,576,208	-
Additions during the financial year	2,516,913	2,125,584
Changes due to reassessment of lease term	206,246	-
Interest expense recognised in profit or loss (Note 31)	159,780	83,511
Repayment of principal	(643,348)	(535,989)
Repayment of interest expense	(159,780)	(83,511)
Derecognition of lease	(193,942)	-
At 31 December	7,508,805	3,046,728
Analysed by:-		
Non-current liabilities	5,017,929	2,222,597
Current liabilities	2,490,876	824,131
	7,508,805	3,046,728

Certain lease liabilities of the Group are secured by the Group's forklift and motor vehicles and plant and machinery under hire purchase arrangements, with lease terms ranging from 1 to 7 (2020 - 5 to 7) years and bear effective interest rates ranging from 3.89% to 7.07% (2020 - 4.41% to 6.36%).

22. TERM LOANS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current liabilities	141,636,922	9,658,392	123,485,000	-
Current liabilities	16,777,749	3,168,496	13,290,000	-
	158,414,671	12,826,888	136,775,000	-

(a) The term loans are secured by:-

   (i) legal charges over certain properties of the Group as disclosed in Notes 5, 6, 9 and 17 to the financial statements;

   (ii) a corporate guarantee of the Company; and

   (iii) negative pledge over a subsidiary's present and future assets.

(b) The term loans bore effective floating interest rates ranging from 3.27% to 4.71% (2020 - 3.27% to 4.70%) per annum.

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23. DEFERRED TAX LIABILITIES

	Group	
	2021	2020
	RM	RM
At 1 January	7,256,583	9,532,955
Acquisition of subsidiary	933,718	72,472
Recognised in profit or loss (Note 32)	669,687	(2,348,844)
Recognised in other comprehensive income	1,214,230	-
At 31 December	10,074,218	7,256,583

The deferred tax liabilities are attributable to the following:-

	Group	
	2021	2020
	RM	RM
Accelerated capital allowance over depreciation	3,269,518	1,970,679
Prepaid product registration license	1,957,880	1,625,040
Revaluation reserve	5,310,062	4,164,836
Inventories written down	(41,735)	(49,995)
Accumulated impairment losses on trade receivables	(126,245)	(167,614)
Accrual for bonus	(100,000)	(94,000)
Unrealised gain/(loss) on foreign exchange - trade	48,303	(192,363)
Culture fund	(92,280)	-
Unutilised tax losses	(141,760)	-
Unabsorbed capital allowances	(9,525)	-
	10,074,218	7,256,583

At the end of the financial year, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are unabsorbed capital allowances amounting to RM236,240.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days (2020 - 14 to 120 days) depending on the terms of the contracts.

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25. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Other payables		3,553,100	1,060,973	318	17,119
Advances from customers		-	2,168,664	-	-
Deposits received		155,466	19,800	-	-
Accruals	(a)	6,505,342	3,678,129	56,289	58,153
Sales and services tax payable		139,398	199,479	-	-
		10,353,306	7,127,045	56,607	75,272

(a) Accruals represents provision for bonus, salaries, commissions and other accrued expenses.

26. AMOUNT DUE FROM/(TO) A JOINT VENTURE

The amount due from a joint venture is trade in nature and the credit term granted was 60 days.

The amount due to a joint venture is trade in nature and is subject to a credit term of 60 days (2020 - 60 days). The amount due is to be settled in cash.

27. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
Amount due from:-		
Non-trade balances	46,230,410	39,168,655
Less: Allowance for impairment losses	(10,495,010)	(11,746,132)
	35,735,400	27,422,523
Allowance for impairment losses:-		
At 1 January	11,746,132	10,495,010
Addition during the financial year	-	1,251,122
Reversal	(1,251,122)	-
At 31 December	10,495,010	11,746,132
Amount due to:-		
Non-trade balances	(14,325,797)	(6,623,884)

(a) The amounts owing are interest-free and repayable on demand.

(b) Amount due from subsidiaries that is individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses and presently there are no future business plans for these subsidiaries.

28. BILLS PAYABLE

(a) The bills payable are secured as follows:-

(i) a corporate guarantee by the Company; and

(ii) a pledge of fixed deposit belonging to a subsidiary as disclosed in Note 16 to the financial statements.

(b) The bills payable of the Group bore effective interest rates ranging from 0.64% to 4.54% (2020 - 0.80% to 3.39%) per annum.

29. REVOLVING CREDIT

The revolving credit of the Group are secured by a corporate guarantee of a subsidiary.

The revolving credit of the Group at the end of the reporting period bore interest rate is 4.00% to 4.56% (2020 - 3.05%) per annum.

30. REVENUE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers				
Recognised at point in time				
Sales of goods	463,991,547	418,642,497	-	-
Rendering of services	126,152	-	-	-
Revenue from other sources				
Dividend income	-	-	90,002,767	45,200,000
	464,117,699	418,642,497	90,002,767	45,200,000

The other information on the disaggregation of revenue is disclosed in Note 39 to the financial statements.

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31. PROFIT BEFORE TAXATION

Profit before taxation is derived after charging/(crediting):-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Amortisation:				
- investment in club membership	563	563	-	-
- product development expenditure	280,716	419,385	-	-
- trademark	53,333	1,903	-	-
Auditors' remuneration:				
- audit fees:				
- auditors of the Company				
- current financial year	369,000	250,000	42,000	43,000
- (over)/underprovision in the previous financial year	(2,000)	44,000	-	-
- other auditors	83,777	8,523	-	-
- non-audit fees:				
- auditors of the Company	101,000	46,000	49,000	46,000
- member firms of the auditors of the Company	60,420	121,000	3,000	3,000
Bad debts written off	1,359,383	180,548	-	-
Deposit written off	36,000	2,000		-
Depreciation:				
- property, plant and equipment	4,826,438	2,605,269	-	-
- right-of-use assets	1,142,659	869,944	-	-
Directors' remuneration (Note 37(c))	3,185,501	2,171,282	260,000	236,000
Fair value loss on investment properties	500,000	-	-	-
Impairment losses on:				
- amount due from a subsidiary	-	-	-	1,251,122
- investment in a subsidiary	-	-	-	1,019,307
- trade receivables	10,757	707,536	-	-
Interest expense:				
- bills payable	1,476,289	1,886,690	-	-
- lease liabilities	159,780	83,511	-	-
- overdraft	4,526	-	-	-
- revolving credit	413,861	3,927	-	-
- term loans	2,005,248	1,364,351	1,476,984	-
Inventories written down	4,757	31,783	-	-

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31. PROFIT BEFORE TAXATION (Cont'd)

Profit before taxation is derived after charging/(crediting) (Cont'd):-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Investment in club membership written off	-	26,000	-	-
Loss on disposal of non-current asset held for sale	-	843,750	-	-
(Gain)/Loss on foreign exchange:				
- realised	(23,667)	1,304,539	-	-
- unrealised	(533,517)	712,070	-	-
Plant and equipment written off	-	427	-	-
Rental of equipment	28,605	90,810	-	-
Rental of motor vehicles	132,600	123,600	-	-
Rental of premises	1,203,950	359,300	-	-
Staff costs (including other key management personnel as disclosed in Note 37(c)):				
- salaries, wages, bonuses and allowances	17,541,489	12,952,173	-	-
- defined contribution benefits	1,848,674	1,253,754	-	-
Waiver of amount due from a subsidiary	-	-	1,091,574	-
Dividend income from subsidiaries	-	-	(90,002,767)	(45,200,000)
Gain on disposal of property, plant and equipment	(152,997)	(88,851)	-	-
Gain on lease termination	(13,362)	-	-	-
Interest income	(202,030)	(438,209)	(17,595)	(116,235)
Rental income	(685,599)	(240,499)	-	-
Reversal of impairment losses on				
- trade receivables	(582,772)	(535,382)	-	-
- amount owing from subsidiary	-	-	(1,251,122)	-
- non-current asset held for sale	(55,557)	-	-	-
Write back of inventories	(36,028)	(963,523)	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM28,000 (2020 - RM28,000).

NOTES TO THE FINANCIAL STATEMENTS

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32. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax:				
- for the current financial year	13,625,904	14,715,843	4,210	28,000
- under/(over)provision in the previous financial year	60,167	(162,474)	(332)	270
	13,686,071	14,553,369	3,878	28,270
Deferred tax (Note 23):				
- for the current financial year	903,113	(1,978,859)	-	-
- overprovision in the previous financial year	(156,370)	(263,760)	-	-
- crystallisation of deferred tax liability arising from revaluation reserve	(77,056)	(106,225)	-	-
	669,687	(2,348,844)	-	-
	14,355,758	12,204,525	3,878	28,270

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	53,565,495	56,688,104	83,918,151	41,787,764
Tax at statutory tax rate of 24% (2020 - 24%)	12,855,719	13,605,145	20,140,356	10,029,063
Tax effects of:-				
Non-deductible expenses	21,959,595	2,456,296	1,464,518	846,937
Non-taxable income	(19,708,805)	(2,514,179)	(21,600,664)	(10,848,000)
Deferred tax assets not recognised for the financial year	741,721	14,908	-	-
Utilisation of deferred tax assets not recognised in the previous financial year	-	(86,521)	-	-
Expenses ranking for double deduction	(1,220,765)	(600,179)	-	-
Crystallisation of deferred tax liability arising from revaluation reserve	(77,056)	(106,225)	-	-
Share of profit of a joint venture	(98,448)	(138,486)	-	-
(Over)/Underprovision in the previous financial year:				
- income tax	60,167	(162,474)	(332)	270
- deferred tax	(156,370)	(263,760)	-	-
Income tax expense for the financial year	14,355,758	12,204,525	3,878	28,270

32. INCOME TAX EXPENSE (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2021	**2020**
	RM	**RM**
Unutilised tax losses	-	16,119,139
Unutilised reinvestment allowances	-	11,679,000
Unabsorbed capital allowances	236,240	2,941,000
	236,240	30,739,139

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The unutilised tax losses and unutilised reinvestment allowances are allowed to be utilised for 10 (2020-7) consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

33. OTHER COMPREHENSIVE (EXPENSES)/INCOME

	Group	
	2021	**2020**
	RM	**RM**
Item that will be reclassified subsequently to profit or loss		
Foreign currency translation differences:		
- changes during the financial year	(9,634)	225
Item that will not be reclassified subsequently to profit or loss		
Revaluation of properties	5,052,940	-
Less: Deferred tax liabilities (Note 23)	(1,214,230)	-
	3,838,710	-

34. EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2021	**2020**
Profit after taxation for the financial year attributable to owners of the Company (RM)	39,460,223	44,535,760
Weighted average number of ordinary shares in issue	1,310,350,473	1,300,744,937
Basic earnings per ordinary share (sen)	3.01	3.42

The weighted average number of ordinary shares has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue during the financial year.

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34. EARNINGS PER SHARE (Cont'd)

(b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

35. DIVIDENDS

On 26 March 2021, the Company paid a fourth interim dividend of 0.8 sen per ordinary share amounting to RM6,565,436 in respect of the financial year ended 31 December 2020.

On 28 September 2021, the Company paid a first interim dividend of 1.0 sen per ordinary share amounting to RM13,130,873 in respect of the financial year ended 31 December 2021.

On 21 February 2022, the Company declared a second interim dividend of 1.2 sen per ordinary share amounting to approximately RM15,619,386 in respect of the financial year ended 31 December 2021, payable on 25 March 2022, to shareholders whose names appeared in the record of depositors on 9 March 2022. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

36. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	Group	
	2021	**2020**
	RM	**RM**
Cost of right-of-use assets acquired (Note 9)	2,839,892	2,199,618
Less: Addition of new lease liabilities (Note 21)	(2,516,913)	(2,125,584)
	322,979	74,034

(b) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2021	**2020**
	RM	**RM**
Payment of short-term leases	1,365,155	573,710
Interest paid on lease liabilities	159,780	83,511
Payment of lease liabilities	1,969,153	535,989
	3,494,088	1,193,210

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36. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease liabilities RM	Term loans RM	Bills payable RM	Revolving credit RM	Total RM
Group					
2021					
At 1 January	3,046,728	12,826,888	33,018,266	10,000,000	58,891,882
Changes in financing cash flows					
Proceeds from drawdown	-	139,000,000	273,052,188	159,300,000	571,352,188
Repayment of principal	(643,348)	(5,618,967)	(220,644,831)	(159,850,000)	(386,757,146)
Repayment of interests	(159,780)	(2,005,248)	(1,476,289)	(413,861)	(4,055,178)
	(803,128)	131,375,785	50,931,068	(963,861)	180,539,864
Non-cash changes					
Acquisition of new leases (Note 21 and 36(a))	2,516,913	-	-	-	2,516,913
Acquisition of subsidiaries	2,576,208	12,206,750	7,037,658	-	21,820,616
Reassesment of leases	206,246	-	-	-	206,246
Interest expense recognised in profit or loss (Note 31)	159,780	2,005,248	1,476,289	413,861	4,055,178
Foreign exchange adjustment	-	-	524,620	-	524,620
Derecognition of lease	(193,942)	-	-	-	(193,942)
	5,265,205	14,211,998	9,038,567	413,861	28,929,631
At 31 December	7,508,805	158,414,671	92,987,901	9,450,000	268,361,377
Group					
2020					
At 1 January	1,457,133	36,516,415	86,433,098	-	124,406,646
Changes in financing cash flows					
Proceeds from drawdown	-	-	214,845,152	10,000,000	224,845,152
Repayment of principal	(535,989)	(23,689,527)	(268,752,502)	-	(292,978,018)
Repayment of interests	(83,511)	(1,364,351)	(1,886,690)	(3,927)	(3,338,479)
	(619,500)	(25,053,878)	(55,794,040)	9,996,073	(71,471,345)
Non-cash changes					
Acquisition of new leases (Note 21 and 36(a))	2,125,584	-	-	-	2,125,584
Interest expense recognised in profit or loss (Note 31)	83,511	1,364,351	1,886,690	3,927	3,338,479
Foreign exchange adjustment	-	-	492,518	-	492,518
	2,209,095	1,364,351	2,379,208	3,927	5,956,581
At 31 December	3,046,728	12,826,888	33,018,266	10,000,000	58,891,882

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36. CASH FLOW INFORMATION (Cont'd)

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	36,789,607	17,204,528	395,967	783,876
Deposits with licensed banks	27,163,448	120,007	-	-
	63,953,055	17,324,535	395,967	783,876
Less: Deposits pledged with licensed banks	(5,463,998)	(44,975)	-	-
Bank overdraft	(89,277)	-	-	-
	58,399,780	17,279,560	395,967	783,876

37. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

The Group has related party relationships with its subsidiary companies, related parties and key management personnel.

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37. RELATED PARTY DISCLOSURES (Cont'd)

(b) Significant related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Sales to:				
- fellow subsidiaries	1,703,078	10,283,782	-	-
- a fellow jointly controlled entity	134,808	108,110	-	-
- related parties	103,542,576	103,221,015	-	-
Purchases from:				
- fellow subsidiaries	(772,830)	(641,973)	-	-
- a fellow jointly controlled entity	(4,595,090)	(7,079,506)	-	-
Rental received and receivable from a fellow jointly controlled entity	156,499	156,499	-	-
Rental paid and payable to a fellow subsidiary	(774,000)	(387,000)	-	-
Management fee paid and payable to a fellow subsidiary	(2,340,000)	(2,340,000)	(150,731)	(130,416)
Consultation fee paid to shareholder	(102,000)	-	-	-
Software cost paid to a fellow subsidiary	(127,650)	(21,575)	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for impairment in respect of the amounts owed by the related parties other than those disclosed in Note 27 to the financial statements.

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37. RELATED PARTY DISCLOSURES (Cont'd)

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include executive and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Short-term employee benefits:				
- fee	216,000	216,000	216,000	216,000
- salaries, bonuses and other emoluments	1,388,520	1,295,916	44,000	20,000
Defined contribution benefits	111,444	106,412	-	-
	1,715,964	1,618,328	260,000	236,000
Directors of the Subsidiaries				
Short-term employee benefits:				
- fee	125,000	666	-	-
- salaries, bonuses and other emoluments	1,246,901	503,524	-	-
Defined contribution benefits	97,636	48,764	-	-
	1,469,537	552,954	-	-
Total directors' remunerations	3,185,501	2,171,282	260,000	236,000

The estimated monetary value of benefits-in-kind provided to the directors of the Company were RM28,000 (2020 - RM28,000).

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Other Key Management Personnel				
Short-term employee benefits	586,003	850,740	-	-
Defined contribution benefits	65,439	75,058	-	-
Total compensation for other key management personnel	651,442	925,798	-	-

38. CAPITAL COMMITMENT

	Group	
	2021	2020
	RM	RM
Plant and machinery	-	43,200
Motor vehicle	-	106,180
	-	149,380

39. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

- Investment holding : Investment in shares and properties are held for capital gain.
- Agriculture : Involved in manufacturing, distribution and agents of agrochemicals, research and development activities.
- Specialty chemicals : Involved in manufacturing and distribution of specialty chemicals.
- Consumer products : Involved in manufacturing and distribution of disposable healthcare products.

(a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit or loss for the financial year. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

(e) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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39. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Specialty Chemicals RM	Elimination RM	Total RM
2021						
Revenue						
External revenue	669,202	402,093,055	15,207,985	46,147,457	-	464,117,699
Inter-segment revenue	133,795,843	17,341,335	7,422,034	17,935,484	(176,494,696)	-
Total revenue	134,465,045	419,434,390	22,630,019	64,082,941	(176,494,696)	464,117,699
Represented by:-						
Revenue recognised at a point of time						
Dividend income	130,987,267	-	-	-	(130,987,267)	-
Sales of agriculture supplies	-	419,434,390	-	-	(17,341,335)	402,093,055
Sales of consumer products	-	-	22,630,019	-	(7,422,034)	15,207,985
Sales of specialty chemicals	-	-	-	64,082,941	(17,935,484)	46,147,457
Others	669,202	-	-	-	-	669,202
Revenue recognised over time						
Management services	2,808,576	-	-	-	(2,808,576)	-
	134,465,045	419,434,390	22,630,019	64,082,941	(176,494,696)	464,117,699
Results						
Segment profit/(loss)	126,803,675	60,081,865	(3,386,949)	7,602,939	(134,088,561)	57,012,969
Finance costs	(1,694,407)	(2,062,492)	(192,385)	(110,420)	-	(4,059,704)
Finance income	23,560	131,290	6,423	40,757	-	202,030
Share of result of a joint venture	-	451,999	-	-	(41,799)	410,200
Profit/(Loss) before taxation	125,132,828	58,602,662	(3,572,911)	7,533,276	(134,130,360)	53,565,495
Taxation						(14,355,758)
Profit after taxation for the financial year						39,209,737
Attributable to:						
- Owners of the Company						39,460,223
- Non-controlling interests						(250,486)
						39,209,737

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

39. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Specialty Chemicals RM	Elimination RM	Total RM
2021						
Assets						
Segment assets	1,075,801,345	308,093,298	28,518,378	185,042,808	(936,661,723)	660,794,106
Unallocated asset:						
- Current tax assets						2,989,248
- Deferred tax assets						236,240
Total assets						664,019,594
Included in the measure of segment assets are:						
Addition to non-current assets other than financial instruments are:						
- Product development expenditure	-	96,264	-	-	-	96,264
- Property, plant and equipment	57,369	575,051	60,032	1,491,901	-	2,184,353
- Right-of-use assets	702,540	297,881	-	1,839,471	-	2,839,892
Liabilities						
Segment liabilities	277,179,979	160,068,213	19,247,434	54,063,374	(88,997,438)	421,561,562
Unallocated liabilities:						
- Current tax liabilities						4,799,253
- Deferred tax liabilities						10,074,218
Total liabilities						436,435,033

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39. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Specialty Chemicals RM	Elimination RM	Total RM
2021						
Other information						
Impairment losses on trade receivables	-	-	10,757	-	-	10,757
Amortisation expense	-	281,279	519	52,814	-	334,612
Bad debts written off	-	1,056,382	153,693	149,308	-	1,359,383
Deposit written off	-	-	36,000	-	-	36,000
Depreciation expense	1,101,294	1,745,824	653,194	2,360,089	108,696	5,969,097
Fair value loss on investment properties	-	322,751	-	-	177,249	500,000
Gain on disposal of property, plant and equipment	10,000	(162,997)	-	-	-	(152,997)
Interest expense	1,694,407	2,062,492	192,385	110,420	-	4,059,704
Inventories written down	-	4,757	-	-	-	4,757
Reversal of impairment losses on:						
- trade receivables	-	(437,971)	(144,801)	-	-	(582,772)
- amount owing from subsidiaries	(1,251,122)	-	-	-	1,251,122	-
- non-current asset held for sale	-	-	-	-	(55,557)	(55,557)
Unrealised foreign exchange (gain)/loss	67,735	(216,205)	(33,030)	(352,017)	-	(533,517)
Write back of inventories	-	(36,028)	-	-	-	(36,028)

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39. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
2020					
Revenue					
External revenue	119,071	392,957,756	25,565,670	-	418,642,497
Inter-segment revenue	132,837,533	12,600,615	12,248,371	(157,686,519)	-
Total revenue	132,956,604	405,558,371	37,814,041	(157,686,519)	418,642,497
Represented by:-					
Revenue recognised at a point of time					
Dividend income	129,500,000	-	-	(129,500,000)	-
Rental income	720,000	-	-	(720,000)	-
Sales of agriculture supplies	-	405,558,371	-	(12,600,615)	392,957,756
Sales of consumer products	-	-	37,814,041	(12,248,371)	25,565,670
Others	119,071	-	-	-	119,071
Revenue recognised over time					
Management services	2,617,533	-	-	(2,617,533)	-
	132,956,604	405,558,371	37,814,041	(157,686,519)	418,642,497
Results					
Segment profit	124,868,398	61,949,699	119,307	(127,926,054)	59,011,350
Finance costs	(989,633)	(2,162,120)	(186,726)	-	(3,338,479)
Finance income	205,675	205,675	26,859	-	438,209
Share of result of a joint venture	-	577,024	-	-	577,024
Profit/(Loss) before taxation	124,084,440	60,570,278	(40,560)	(127,926,054)	56,688,104
Taxation					(12,204,525)
Profit after taxation for the financial year					44,483,579
Attributable to:					
- Owners of the Company					44,535,760
- Non-controlling interests					(52,181)
					44,483,579

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39. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture RM	Consumer Products RM	Elimination RM	Total RM
2020					
Assets					
Segment assets	892,368,519	254,410,773	28,855,655	(868,823,650)	306,811,297
Unallocated asset:					
- Current tax assets					243,322
Total assets					307,054,619
Included in the measure of segment assets are:					
Addition to non-current assets other than financial instruments are:					
- Product development expenditure	-	9,171	-	-	9,171
- Property, plant and equipment	553,136	795,645	43,571	-	1,392,352
- Right-of-use assets	-	-	2,199,618	-	2,199,618
- Trademark	-	-	5,190	-	5,190
Liabilities					
Segment liabilities	65,744,735	103,948,969	16,409,015	(94,005,530)	92,097,189
Unallocated liabilities:					
- Current tax liabilities					6,434,105
- Deferred tax liabilities					7,256,583
Total liabilities					105,787,877
Other information					
Impairment losses on:					
- amount due from a subsidiary	1,251,122	-	-	(1,251,122)	-
- trade receivables	-	562,605	144,931	-	707,536
- investment in a subsidiary	1,019,307	-	-	(1,019,307)	-
Amortisation expense	-	419,948	1,903	-	421,851
Bad debts written off	8,109	101,562	70,877	-	180,548
Deposit written off	-	-	2,000	-	2,000
Depreciation expense	747,380	2,110,102	527,226	90,505	3,475,213
Gain on disposal of property, plant and equipment	-	(71,851)	(17,000)	-	(88,851)
Inventories written down	-	31,783	-	-	31,783
Investment in club membership written off	-	26,000	-	-	26,000
Loss on disposal of non-current asset held for sale	1,000,000	-	-	(156,250)	843,750
Plant and equipment written off	-	427	-	-	427
Reversal of impairment losses on:					
- trade receivables	-	(464,505)	(70,877)	-	(535,382)
- amount owing from related companies	-	-	(72,183)	72,183	-
Write back of inventories	-	(963,523)	-	-	(963,523)
Unrealised foreign exchange (gain)/loss	(36,621)	792,294	(43,603)	-	712,070

39. SEGMENT INFORMATION (Cont'd)

Geographical information

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	Group	
	2021	**2020**
	RM	**RM**
Local	302,766,780	278,678,055
Export	161,350,919	139,964,442
	464,117,699	418,642,497

Major customer

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	2021	**2020**	
	RM	**RM**	
Customer #1	65,955,608	37,841,591	Agriculture
Customer #2	29,903,927	48,963,662	Agriculture

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activities are as follows:-

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure

	United States Dollar RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
Group						
2021						
Financial Assets						
Trade receivables	43,968,979	117,687	467,522	309,162	111,399,143	156,262,493
Other receivables and deposits	-	-	53,316	70,345	3,028,688	3,152,349
Amount due from related companies	202,355	-	-	-	96,859	299,214
Amount due from joint venture	-	-	-	-	1,844,500	1,844,500
Deposits with licensed banks	-	-	-	-	27,163,448	27,163,448
Cash and bank balances	12,134,459	618,900	373,410	828,736	22,834,102	36,789,607
	56,305,793	736,587	894,248	1,208,243	164,522,240	223,667,111

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Euro RM	Singapore Dollar RM	Australian Dollar RM	Brunei Dollar RM	Ringgit Malaysia RM	Total RM
Group							
2021							
Financial Liabilities							
Trade payables	18,766,039	375,017	120,096	173,435	-	33,665,302	53,099,889
Other payables, deposits received and accruals	8,312	-	8,639	496,436	70,380	9,630,141	10,213,908
Amount due to related companies	-	-	-	-	-	407,625	407,625
Amount due to a joint venture	-	-	-	-	-	642,421	642,421
Lease liabilities	-	-	-	1,162,017	-	6,346,788	7,508,805
Term loans	-	-	-	2,853,136	-	155,561,535	158,414,671
Bills payable	27,939,747	-	-	-	-	65,048,154	92,987,901
Revolving credit	-	-	-	-	-	9,450,000	9,450,000
Other liabilities	-	-	-	-	-	87,000,000	87,000,000
Bank overdraft	-	-	-	-	-	89,277	89,277
	46,714,098	375,017	128,735	4,685,024	70,380	367,841,243	419,814,497
Net financial (liabilities)/ assets	9,591,695	(375,017)	607,852	(3,790,776)	1,137,863	(201,434,503)	(194,262,886)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(607,852)	-	(1,137,863)	201,434,503	199,688,788
Currency Exposure	9,591,695	(375,017)	-	(3,790,776)	-	-	5,425,902

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
Group				
2020				
Financial Assets				
Trade receivables	31,001,446	275,248	71,542,615	102,819,309
Other receivables and deposits	-	-	767,398	767,398
Amount due from related companies	-	-	5,615,610	5,615,610
Deposits with licensed banks	-	-	120,007	120,007
Cash and bank balances	1,249,659	432,556	15,522,313	17,204,528
	32,251,105	707,804	93,567,943	126,526,852

	United States Dollar RM	Euro RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
Group					
2020					
Financial Liabilities					
Trade payables	16,895,956	246,834	1,079	7,691,180	24,835,049
Other payables, deposits received and accruals	31,875	-	8,511	4,718,516	4,758,902
Amount due to related companies	-	-	-	4,900	4,900
Amount due to a joint venture	-	-	-	1,238,313	1,238,313
Lease liabilities	-	-	-	3,046,728	3,046,728
Term loans	-	-	-	12,826,888	12,826,888
Bills payable	18,250,762	-	-	14,767,504	33,018,266
Revolving credit	-	-	-	10,000,000	10,000,000
	35,178,593	246,834	9,590	54,294,029	89,729,046
Net financial (liabilities)/ assets	(2,927,488)	(246,834)	698,214	39,273,914	36,797,806
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(80,123)	(39,273,914)	(39,354,037)
Currency Exposure	(2,927,488)	(246,834)	618,091	-	(2,556,231)

40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency exposure (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2021	2020
	(Decrease)/ Increase	(Decrease)/ Increase
	RM	RM
Effects on Profit After Taxation		
Euro:		
- strengthened by 5%	(14,251)	(9,380)
- weakened by 5%	14,251	9,380
Singapore Dollar:		
- strengthened by 5%	-	23,487
- weakened by 5%	-	(23,487)
United States Dollar:		
- strengthened by 5%	-	(111,245)
- weakened by 5%	-	111,245
Australian Dollar:		
- strengthened by 5%	(144,049)	-
- weakened by 5%	144,049	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group's fixed rate borrowings and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22, 28 and 29 to the financial statements.

Interest Rate Risk Sensitivity Analysis

An increase of 100 basis points in interest rates of floating rate borrowings at the end of the reporting period would have decreased the Group's profit after taxation by RM906,717 (2020 - RM424,423). The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation.

(iii) Equity price risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2020 - 2) customers which constituted approximately 14% (2020 - 26%) of its trade receivables (including amount due from related companies) at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(i) Credit risk concentration profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including amount due from related companies) at the end of the reporting period is as follows:-

	Group	
	2021	**2020**
	RM	**RM**
Africa	-	537,132
Asia	152,656,386	106,818,768
North America	1,383	-
Oceania	3,470,986	920,025
South America	432,952	158,994
	156,561,707	108,434,919

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses.

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of impairment losses

At each reporting date, the Group assesses whether any of its financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related companies) has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 90 days, are deemed credit impaired.

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Trade receivables (Cont'd)

The expected loss rates are based on the payment profiles of sales over a period of 12 months (2020 - 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies' balances which are not past due and past due amounted to RM294,425 and RM4,816 respectively) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Group			
2021			
Current (not past due)	90,835,692	-	90,835,692
1 to 30 days past due	34,287,977	(6,082)	34,281,895
31 to 60 days past due	18,706,345	(2,905)	18,703,440
61 to 90 days past due	6,403,037	(675)	6,402,362
more than 90 days	8,074,582	(465,518)	7,609,064
	158,307,633	(475,180)	157,832,453
Credit impaired:			
- Individually impaired	-	(1,270,746)	(1,270,746)
	158,307,633	(1,745,926)	156,561,707

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies' balances which are not past due and past due amounted to RM2,711,077 and RM2,904,533 respectively) are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Group			
2020			
Current (not past due)	78,319,239	-	78,319,239
1 to 30 days past due	13,217,043	(275)	13,216,768
31 to 60 days past due	7,149,121	(115)	7,149,006
61 to 90 days past due	3,637,711	(226)	3,637,485
more than 90 days	6,150,228	(37,807)	6,112,421
	108,473,342	(38,423)	108,434,919
Credit impaired:			
- Individually impaired	1,219,611	(1,219,611)	-
	109,692,953	(1,258,034)	108,434,919

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 to the financial statements.

40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with licensed banks, cash and bank balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount due from subsidiaries (Non-trade balances)

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount due from subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
Company			
2021			
Low credit risk	46,230,410	-	46,230,410
Credit impaired	-	(10,495,010)	(10,495,010)
	46,230,410	(10,495,010)	35,735,400
2020			
Low credit risk	22,015,866	-	22,015,866
Credit impaired	17,152,789	(11,746,132)	5,406,657
	39,168,655	(11,746,132)	27,422,523

The movements in the loss allowances are disclosed in Note 27 to the financial statements.

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(b) Credit risk (Cont'd)

(iii) Assessment of impairment losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 - 5 Years	Over 5 Years
	RM	RM	RM	RM	RM
Group					
2021					
Non-derivative Financial Liabilities					
Trade payables	53,099,889	53,099,889	53,099,889	-	-
Other payables, deposits received and accruals	10,350,567	10,350,567	10,350,567	-	-
Amount due to related companies	407,625	407,625	407,625	-	-
Amount due to a joint venture	642,421	642,421	642,421	-	-
Lease liabilities	7,508,805	7,639,587	3,638,819	4,000,768	-
Term loans	158,414,671	159,300,565	16,983,344	135,134,196	7,183,025
Bank overdraft	89,277	89,277	89,277	-	-
Bills payable	92,987,901	92,987,901	92,987,901	-	-
Revolving credit	9,450,000	9,450,000	9,450,000	-	-
Other liabilities	87,000,000	87,000,000	29,000,000	58,000,000	-
	419,951,156	420,967,832	216,649,843	197,134,964	7,183,025

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Group					
2020					
Non-derivative Financial Liabilities					
Trade payables	24,835,049	24,835,049	24,835,049	-	-
Other payables, deposits received and accruals	4,758,902	4,758,902	4,758,902	-	-
Amount due to related companies	4,900	4,900	4,900	-	-
Amount due to a joint venture	1,238,313	1,238,313	1,238,313	-	-
Lease liabilities	3,046,728	3,273,053	936,879	2,336,174	-
Term loans	12,826,888	14,527,690	3,679,817	5,557,616	5,290,257
Bills payable	33,018,266	33,018,266	33,018,266	-	-
Revolving credit	10,000,000	10,000,000	10,000,000	-	-
	89,729,046	91,656,173	78,472,126	7,893,790	5,290,257

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.1 Financial risk management policies (Cont'd)

(c) Liquidity risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 – 5 Years
	RM	RM	RM	RM
Company				
2021				
Other payables and accruals	56,607	56,607	56,607	-
Amount due to subsidiaries	14,325,797	14,325,797	14,325,797	-
Term loans	136,775,000	136,775,000	13,290,000	123,485,000
Other liabilities	87,000,000	87,000,000	29,000,000	58,000,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	91,442,838	91,442,838	-
	238,157,404	329,600,242	148,115,242	181,485,000
2020				
Other payables and accruals	75,272	75,272	75,272	-
Amount due to subsidiaries	6,623,884	6,623,884	6,623,884	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries *	-	44,435,154	44,435,154	-
	6,699,156	51,134,310	51,134,310	-

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

40. FINANCIAL INSTRUMENTS (Cont'd)

40.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	Group	
	2021	**2020**
	RM	**RM**
Lease liabilities	7,508,805	3,046,728
Term loans	158,414,671	12,826,888
Bank overdraft	89,277	-
Bills payable	92,987,901	33,018,266
Revolving credit	9,450,000	10,000,000
	268,450,654	58,891,882
Less: Deposits with licensed banks	(27,163,448)	(120,007)
Less: Cash and bank balances	(36,789,607)	(17,204,528)
Net debt	204,497,599	41,567,347
Total equity	227,584,561	201,266,742
Debt-to-equity ratio	0.90	0.21

There was no change in the Group's approach to capital management during the financial year.

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40. FINANCIAL INSTRUMENTS (Cont'd)

40.3 Classification of financial instruments

	2021	
	Group	**Company**
	RM	**RM**
Financial assets		
Amortised cost		
Trade receivables	156,262,493	-
Other receivables and deposits	3,152,349	13,058
Amount due from related companies	299,214	-
Amount due from subsidiaries	-	35,735,400
Amount due from joint venture	1,884,500	1,884,500
Dividend receivable	-	8,500,000
Deposits with licensed banks	27,163,448	-
Cash and bank balances	36,789,607	395,967
	225,551,611	46,528,925
Financial liabilities		
Amortised cost		
Lease liabilities	7,508,805	-
Term loans	158,414,671	136,775,000
Trade payables	53,099,889	-
Other payables, deposits received and accruals	10,213,908	56,607
Amount due to related parties	407,625	-
Amount due to a joint venture	642,421	-
Amount due to subsidiaries	-	14,325,797
Bank overdraft	89,277	-
Bills payable	92,987,901	-
Other liabilities	87,000,000	87,000,000
Revolving credit	9,450,000	-
	419,814,497	238,157,404

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021
cont'd

40. FINANCIAL INSTRUMENTS (Cont'd)

40.3 Classification of financial instruments (Cont'd)

	2020	
	Group	**Company**
	RM	**RM**
Financial assets		
Amortised cost		
Trade receivables	102,819,309	-
Other receivables and deposits	767,398	13,058
Amount due from related companies	5,615,610	-
Amount due from subsidiaries	-	27,422,523
Dividend receivable	-	13,800,000
Deposits with licensed banks	120,007	-
Cash and bank balances	17,204,528	783,876
	126,526,852	42,019,457
Financial liabilities		
Amortised cost		
Lease liabilities	3,046,728	-
Term loans	12,826,888	-
Trade payables	24,835,049	-
Other payables, deposits received and accruals	4,758,902	75,272
Amount due to related companies	4,900	-
Amount due to a joint venture	1,238,313	-
Amount due to subsidiaries	-	6,623,884
Bills payable	33,018,266	-
Revolving credit	10,000,000	-
	89,729,046	6,699,156

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021
cont'd

40. FINANCIAL INSTRUMENTS (Cont'd)

40.4 Gains or losses arising from financial instruments

	Group RM	Company RM
2021		
Financial assets		
Amortised cost		
Net gain recognised in profit or loss	150,951	177,143
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(4,059,704)	(1,476,984)
2020		
Financial assets		
Amortised cost		
Net losses recognised in profit or loss	(1,933,102)	(1,134,887)
Financial liabilities		
Amortised cost		
Net losses recognised in profit or loss	(3,338,479)	-

40.5 Fair value information

As the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 22 February 2021, the Company proposed to undertake a bonus issue of up to 492,407,738 new ordinary shares in the Company ("Bonus Share(s)") on the basis of three (3) Bonus Shares for every five (5) existing ordinary shares of the Company held by the shareholders of the Company whose name appear in the Record of Depositors of the Company on 29 June 2021 ("Bonus Issue"). Subsequently on 14 June 2021, the Company obtained the approval from shareholders for the Bonus Issue and then announced the completion on 29 June 2021 upon the listing and quotation of 492,407,420 Bonus Shares on the Main Market of Bursa Securities.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

(b) On 8 March 2021, the Company entered into a conditional Share Sale Agreement to acquire 500,000 ordinary shares in Alpha Aim (M) Sdn. Bhd. ("AASB"), representing 100% equity interest in AASB and 1,050,014 ordinary shares in Chempro Technology (M) Sdn. Bhd. ("CTSB"), representing 100% equity interest in CTSB, for a total purchase consideration of RM138,000,000 to be fully satisfied by cash ("Chempro Acquisition"). Subsequently on 14 June 2021, the Company obtained the approval from shareholders for the Chempro Acquisition and then announced the completion on 23 July 2021 upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

(c) In conjunction with the Bonus Issue and Chempro Acquisition, the Company had also obtained the approval from shareholders on 14 June 2021 to undertake diversification of the business activities of the Group to include the business of manufacturing and distribution of specialty chemicals ("Diversification").

(d) On 12 July 2021, the Company entered into a conditional Share Sale Agreement to acquire the 500,000 ordinary shares in Nobel Synthetic Polymer Sdn. Bhd. ("NSPSB"), representing 100% equity interest in NSPSB and 250,000 ordinary shares in Nobel Scientific Sdn. Bhd. ("NSSB"), representing 100% equity interest in NSSB, for a total purchase consideration of RM105,000,000 to be fully satisfied by cash ("Nobel Acquisition"). Subsequently on 23 September 2021, the Company obtained the approval from shareholders for the Nobel Acquisition and then announced the completion on 18 November 2021 upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

(e) On 23 July 2021, the Company together with Ekopintar Sdn. Bhd. ("ESB") issued a Joint Letter of Offer ("Joint Offer") to ENRA Energy Sdn. Bhd. ("EESB") to acquire the entire equity interest of ENRA Kimia Sdn. Bhd. ("EKSB") for a total purchase consideration of RM50,000,000 to be fully satisfied by cash ("ENRA Kimia Acquisition"). Under the terms of Joint Offer, the Company will acquire 49%, representing 4,900,000 ordinary shares in EKSB for a purchase consideration of RM24,500,000 and ESB will acquire the remaining 51%, representing 5,100,000 shares for a cash consideration of RM25,500,000. The Joint Offer was accepted by EESB. Subsequently on 2 August 2021, the Company entered into a conditional Share Sale Agreement with ESB and EESB and then completed the ENRA Kimia Acquisition on 30 November 2021 upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

(f) On 7 September 2021, the Company announced the commencement of member's voluntary winding up pursuant to Section 198(1) of the BVI Business Companies Act 2004 for Hextar Chemcals Limited ("HCL"), a wholly owned subsidiary of the Company, which is incorporated in the British Virgin Islands ("BVI"). Subsequently on 29 September 2021, the Registrar of Corporate Affairs, of the BVI certified the dissolution of HCL.

(g) On 3 November 2021, the Company entered into a share sale agreement for the acquisition of 200,000 ordinary shares, representing 100% equity interest in TufBond Technologies Sdn. Bhd. ("TTSB") for a total purchase consideration of RM13,000,000 to be satisfied wholly in cash ("TufBond Acquisition"). Subsequently on 2 December 2021, the Company announced the completion of the TufBond Acquisitions upon the fulfilment of all conditions precedent pursuant to the Share Sale Agreement.

(h) On 29 December 2021, the Company acquired 400,000 ordinary shares, representing 100% equity interest in Hextar Agriculture Sdn. Bhd. ("HAGSB") for a total purchase consideration of RM190,000 satisfied wholly in cash ("HAGSB Acquisition").

42. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 28 March 2022, the Company has entered into a conditional Share Sale Agreement to acquire 109,009 ordinary shares in PT Agro Sentosa Raya ("PTASR"), representing 99.91% equity interest in PTASR, for a total purchase consideration of RM10,200,000 to be fully satisfied by cash ("Proposed Acquisition"). This Proposed Acquisition is still incomplete as at date of report.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

cont'd

43. COMPARATIVE FIGURES

The following figures have been retrospectively adjusted as a result of adoption of Merger accounting policy to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
Group		
Consolidated Statement of Financial Position (Extract):-		
Share capital	169,912,728	633,878,029
Revaluation reserve	7,404,577	13,533,094
Exchange reserve	125	103,590
Merger deficit reserve	-	(488,732,471)
Retained profits	22,477,399	41,012,587

LIST OF PROPERTIES

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2021 (RM'000)	Market Value (RM'000)	Date of Valuation
HS(D) 215977 PTD No.19116 City & District of Johor Bahru, Johor	3 storey detached factory cum office building and other supporting structures / Manufacturing and office	28 years	60 years lease	4,860/ 4,768	6,500	6,500	31.12.2021
HS(D) 8111, PTB No. 264, Mukim of Ulu Sungai Johor, District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and supporting structures / Manufacturing and office premise	17 years	60 years lease	12,222	5,300	5,300	31.12.2021
Lot 650 & 651, GM 547 & 361, Ban Foo Village, Mukim Plentong, 81800, Ulu Tiram, Johor	Nursery (including a tissue culture facility and microbiology lab) / Cultivation	24 years	Freehold	57,101/ 1,826	5,800	5,800	31.12.2021
Unit K-08-01/02/03/03A, Block K, No. 2, Jalan Solaris, Solaris Mont Kiara, Kuala Lumpur	4 Office units / Vacant	N/A	Freehold	410	3,500	3,500	31.05.2021
Lot A-5-3A, Block A, Level 3A, Unit No. 3A, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit / Vacant	5 years	99 years lease	190	1,115	1,115	10.01.2022
Lot A-5-6, Block A, Level 3A, Unit No. 6, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	5 years	99 years lease	168	975	975	10.01.2022
Lot A-6-5, Block A, Level 5, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	5 years	99 years lease	263	1,417	1,417	10.01.2022
Lot A-8-5, Block A, Level 7, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Condominium Unit / Vacant	5 years	99 years lease	263	1,432	1,432	10.01.2022

LIST OF PROPERTIES
cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2021 (RM'000)	Market Value (RM'000)	Date of Valuation
Geran 190269, Lot 128303, Mukim Klang, Daerah Klang, Negeri Selangor. No. 64, Jalan Bayu Laut 4/KS09, Sazean Business Park, 41200 Klang, Selangor	6 Storey Shop Office Building/ Office Premises	7 years	Freehold	334/ 2,007	7,019	6,950	07.05.2021
PN12168 and PN12170, Lot No.88089 and Lot No.88105, Mukim Klang, Daerah Klang, Negeri Selangor, bearing postal address. Lot 5, Jalan Perigi Nenas 7/3, Fasa 1A, Pulau Indah Industrial Park 42920, Pelabuhan Klang, Selangor Darul Ehsan, Malaysia	A single-storey factory comprising a warehouse with an annexed double-storey office / For production and warehousing of agrochemicals products	16 years	99 years lease	21,303/ 10,490	27,000	27,000	29.12.2021
Lot 2666, Sungai Pasai, Engkabang, off Jalan Sibu-Bintulu, 96000 Sibu	Agriculture land/ Vacant	9 years	99 years lease	19,667	93	78	26.03.2022
Lot 1753, 24th Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu	Agriculture land/ Vacant	9 years	99 years lease	35,181	154	287	26.03.2022
Lot 1633, 23rd Mile, Sibu Ulu Oya Road, off Jalan Teku Pasai-Siong, 96000 Sibu	Agriculture land/ Vacant	9 years	99 years lease	51,395	238	510	26.03.2022
Country lease 075375414, Jalan Loong Chun off KM17.2 Jalan Labuk, Sandakan, Negeri Sabah, Malaysia. Bearing postal address Lot 7, Jalan Loong Chun Off, Jalan Labuk, Mile 10, W.D.T No. 32, 9009 held under District of Sandakan, State of Sabah, Malaysia	A double-storey office building with an annexed single-storey warehouse / Rented to third party	4 years	999 years lease	6,070/ 557	1,600	1,640	22.02.2022
GRN 270596, Lot 27031, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor, Bearing postal address No. 11A, Jalan USJ 6/4, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia	A double-storey residential unit / Vacant	5 years	Freehold	111/ 98	700	700	31.12.2021

LIST OF PROPERTIES
cont'd

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Build up Area (Sq m)	NBV as at 31/12/2021 (RM'000)	Market Value (RM'000)	Date of Valuation
Geran 1769/M1/4/35, Lot 37224, Mukim of Petaling. No. 28-3, Block A, Sri Desa Entrepreneurs Park, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Office Lot / Office premises	21 years	Freehold	129	342	350	30.11.2020
Geran 1766/M5/6/296, Lot 37216, Mukim of Petaling. Unit No. 9-5-3A, Sri Desa Condominium, Block 9, Jalan 1/116B, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Condominium Unit / Hostel for own staff	20 years	Freehold	103	391	400	30.11.2020
Geran 47480, Lot 36469, Mukim of Petaling. Unit No. B-16-2, Tower B, The Link 2 @ Bukit Jalil No.1, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur	Serviced Apartment Unit / Rented to third party	4 years	Freehold	113	850	850	30.11.2020
Lot 3605, Block 217, Kuching North Land District, Jalan Batu Kawa, Kuching, Sarawak	2-storey semi-detached building for industrial purposes/ Warehouse	6 years	60 years leasehold	622	1,214	1,400	18.03.2022
Lot No.12, Lorong Epik Industri 1, Epik Industri, Mile 7, Tuaran Road, Inanam, 88450 Kota Kinabalu, Sabah	2-storey semi-detached showroom, office and workshop/ Office premises	6 years	99 years leasehold	908	2,474	3,000	14.10.2021
PN 9958, Lot No. 6120, Mukim of Teluk Kalung, District of Kemaman, Negeri Terengganu	Industrial land under a double-storey office building/ Office premises and warehouse	1 year	60 years leasehold	10,017	9,426	9,600	21.03.2022
18-20 Kilkenny Court, Dandenong VIC 3175, Melbourne, Australia. Land title volume 11814 folio 354	Single level industrial warehouse/ Office and warehouse	18 years	Freehold	3,285	4,642	4,995	28.02.2022

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2022

STATISTIC OF ORDINARY SHAREHOLDINGS

Class of Shares	:	Ordinary Shares
Total number of Issued Share Capital	:	1,313,087,284
Number of Treasury Shares	:	11,471,700

ANALYSIS BY SIZE OF HOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 – 99	304	6.20	14,206	0.00
100 – 1,000	845	17.23	507,066	0.04
1,001 – 10,000	2,521	51.41	11,814,119	0.91
10,001 – 100,000	1,020	20.80	30,478,943	2.34
100,001 – 65,080,778*	210	4.28	819,724,728	62.98
65,080,779 and above**	4	0.08	439,076,522	33.73
Total	**4,904**	**100.00**	**1,301,615,584**	**100.00**

* *Less than 5% of Issued Shares*
** *5% and above of Issued Shares*

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS*	%
HEXTAR HOLDINGS SDN BHD	797,534,522	61.27	0	0.00
DATO' ONG SOON HO	0	0.00	797,534,522	61.27
DATO' ONG CHOO MENG	99,531,600	7.65	797,534,522	61.27

* *Deemed interested by virtue of his interest in Hextar Holdings Sdn Bhd ("HHSB") pursuant to Section 8 of the Act. ("HHSB") is the holding company of Hextar.*

INFORMATION ON DIRECTORS' HOLDINGS

NAME	DIRECT INTERESTS	%	INDIRECT INTERESTS*	%
DATO' ONG SOON HO	0	0.00	797,534,522	61.27
DATO' ONG CHOO MENG	99,531,600	7.65	797,534,522	61.27
LEE CHOOI KENG	2,111,940	0.16	0	0.00

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

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2022

cont'd

LIST OF TOP 30 HOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	NUMBER OF SHARES HELD	%
1.	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (PJCAC)*	140,101,000	10.76
2.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD*	118,575,522	9.11
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HEXTAR HOLDINGS SDN BHD*	92,000,000	7.07
4.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MGN-OCM0001M)*	88,400,000	6.79
5.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (M3918A)*	64,800,000	4.98
6.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (MX3826)*	56,800,000	4.36
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR HEXTAR HOLDINGS SDN BHD (PB)*	54,432,000	4.18
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMBANK (M) BERHAD (SWAP)*	42,519,700	3.27
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD*	34,688,000	2.66
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXTAR HOLDINGS SDN BHD*	33,600,000	2.58
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	29,417,160	2.26
12.	BBL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD*	29,000,000	2.23
13.	KENANGA INVESTMENT BANK BERHAD *IVT-(EDSP-OTC/ESH)*	27,980,000	2.15
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK*	27,937,200	2.15
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR HEXTAR HOLDINGS SDN BHD*	27,778,000	2.13

ANALYSIS OF SHAREHOLDINGS

As at 30 March 2022

cont'd

LIST OF TOP 30 HOLDERS (CONT'D)

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

NO.	NAME	NUMBER OF SHARES HELD	%
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)*	26,880,000	2.07
17.	MAYBANK INVESTMENT BANK BERHAD *IVT (10)*	26,085,280	2.00
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (6000478)*	23,250,000	1.79
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	21,686,100	1.67
20.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR HEXTAR HOLDINGS SDN. BHD. (BX1213)*	18,000,000	1.38
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)*	17,400,000	1.34
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG*	17,380,000	1.34
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG*	16,000,000	1.23
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')*	13,600,000	1.04
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)*	12,872,680	0.99
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HEXTAR HOLDINGS SDN BHD (THIRD PARTY)*	12,480,000	0.96
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR DATO' ONG CHOO MENG (PB)*	11,901,600	0.91
28.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND*	8,786,500	0.68
29.	CARTABAN NOMINEES (ASING) SDN BHD *STATE STREET AUSTRALIA FUND OD51 FOR AWARE SUPER PTY LTD*	8,466,705	0.65
30.	MOK YAU CHOY	8,100,000	0.62

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting ("31st AGM") of Hextar Global Berhad ("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 **Monday, 23 May 2022** at **10.00 a.m.** to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

   [Refer to Explanatory Note (1)]

2. To re-elect the following Directors who retire in accordance with Clause 127 of the Company's Constitution:

   (a) Dato' Ong Choo Meng (Ordinary Resolution 1)

   (b) Mr Yeoh Chin Hoe (Ordinary Resolution 2)

   [Refer to Explanatory Note (2)]

3. To approve the payments of Directors' fees to the following Directors for the financial year ending 31 December 2022:-

   (a) Y.D.H Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir: RM78,000.00 (Ordinary Resolution 3)

   (b) Mr Yeoh Chin Hoe: RM66,000.00 (Ordinary Resolution 4)

   (c) Dato' Ong Soon Ho: RM60,000.00 (Ordinary Resolution 5)

   (d) Mr Liew Jee Min @ Chong Jee Min: RM60,000.00 (Ordinary Resolution 6)

   (e) Additional Directors' fees of RM60,000.00 (Ordinary Resolution 7)

   [Refer to Explanatory Note (3)]

4. To approve the payments of Directors' benefits of up to RM43,080.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. (Ordinary Resolution 8)

   [Refer to Explanatory Note (4)]

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 9)

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

cont'd

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

6. **PROPOSED RENEWAL OF AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 10)

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements 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 by the Company 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, 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 for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General 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.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

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 General Mandate."

[Refer to Explanatory Note (5)]

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** (Ordinary Resolution 11)

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

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

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

a. the conclusion of the next Annual General Meeting 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.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING
cont'd

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."

[Refer to Explanatory Note (6)]

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")** (Ordinary Resolution 12)

"THAT subject to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3.3 of the Circular to the Shareholders dated 22 April 2022 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 to the detriment of minority shareholders;

NOTICE OF THE 31ST ANNUAL GENERAL MEETING
cont'd

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is the earlier;

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

[Refer to Explanatory Note (7)]

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

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

22 April 2022
Kuala Lumpur

Notes:

(i) In view of the COVID-19 outbreak and as part of the safety measures, the Annual General Meeting ("**AGM**") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities via Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", or "**Tricor**" or "**TIIH**") Online websites at https://tiih.online or https://tiih.com.my. Shareholders may exercise their rights to participate (including to post questions to the Board) and vote at the AGM by using the RPV facilities. Please follow the procedures provided in the Administrative Details for the AGM in order to register, participate and vote remotely via the RPV facilities.

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 13 May 2022** 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) 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.

(iv) 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.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING
cont'd

(v) 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.

(vi) 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.

(vii) 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.

(viii) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the AGM.

(ix) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote:-

(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.

(x) Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

(xi) Last date and time for lodging the Form of Proxy is **Saturday, 21 May 2022 at 10.00 a.m.**

(xii) 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 (ix)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(xiii) 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 (ix)(a) above. The certificate of appointment should be executed in the following manner:

(a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

1. at least two (2) authorised officers, of whom one shall be a director; or

2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING
cont'd

Explanatory Notes to the Agenda:-

Item 1 of the Agenda

1. This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

Item 2 of the Agenda – Ordinary Resolutions 1 and 2
Re-election of Directors who retire in accordance with Clause 127 of the Company's Constitution

2. The Nomination and Remuneration Committee ("NRC") had conducted an assessment of the Directors, in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors. Based on the results of the Board Effectiveness Assessment FY2021, the Board approved the NRC's recommendation on the re-election of Dato' Ong Choo Meng and Mr Yeoh Chin Hoe who are due to retire at the 31st AGM in accordance with Clause 127 of the Company's Constitution based on the following justifications:

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

Item 3 of the Agenda – Ordinary Resolution 7
Payment of additional Directors' fees

3. This resolution is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2022 in the event the Company appoints additional Independent Non-Executive Director(s).

Item 4 of the Agenda – Ordinary Resolution 8
Payment of Directors' benefits

4. This resolution is to facilitate payment of Directors' benefits from the 31st Annual General Meeting until the next Annual General Meeting of the Company. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

   Directors' benefits include meeting allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers the period from the 31st Annual General Meeting until the next Annual General Meeting of the Company.

Item 6 of the Agenda – Ordinary Resolution 10
Proposed Renewal of Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

5. The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

   This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

   The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it is useful for the Company to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING
cont'd

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 30th AGM held on 31 May 2021 and will lapse at the conclusion of the 31st AGM to be held on 23 May 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

Item 7 of the Agenda – Ordinary Resolution 11
Proposed Renewal of Authority of Share Buy-Back

6. The proposed Resolution No. 11, if passed, will empower the Directors of the Company to purchase up to 10% of the total number of issued shares of the Company by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   For further information, please refer to the Share Buy-Back Statement dated 22 April 2022.

Item 8 of the Agenda – Ordinary Resolution 12
Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

7. The proposed Resolution No. 12 in respect of the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. The Directors who retire in accordance with Clause 127 of the Constitution and being eligible to offer themselves for re-election at the upcoming AGM are Dato' Ong Choo Meng and Mr Yeoh Chin Hoe.

   The profile of the Directors who are standing for re-election as per Agenda 2 of the Notice of 31st AGM are as follows:

   Ordinary Resolution 1

   DATO' ONG CHOO MENG
   (Non-Independent Executive Director)

   Nationality | Malaysian
   Age | 44
   Gender | Male
   Date of Appointment | 22 May 2017
   Length of Tenure | 4 years 10 months
   (As at 30 March 2022)

   MEMBERSHIP OF BOARD COMMITTEES
   - NIL

   DIRECTORSHIP/PRESENT APPOINTMENTS (Other than Hextar Global Berhad)
   - Hextar Industries Berhad (formerly known as SCH Group Berhad)
   - Rubberex Corporation (M) Bhd

   RELEVANT EXPERIENCE

   Dato' Ong Choo Meng is a highly competent and professional business leader with over eighteen years of valuable experience in senior management position. His working experience includes management of a group of companies, strategising and implementing business plans with a track record in successfully driving business growth for the group. Presently, he leads and directs Hextar Group's growth, business expansion strategies, overall finance and corporate development. He currently holds the position of Group Chief Executive Officer of the Hextar Group of Companies. He holds a Bachelor of Business (Economics and Finance) from the Royal Melbourne Institute of Technology Australia. He has been in the agriculture industry for more than 18 years specialising in finance and investment activities.

   Dato' Ong was previously on the Board of a Public Listed Company where he contributed in providing independent review to ensure corporate accountability in board decisions. In addition, he was one of the board members that ensured strategies proposed by the management were fully deliberated and examined in the long-term interest of the company.

   Dato' Ong Choo Meng has family relationship with Dato' Ong Soon Ho and the director of Hextar Holdings Sdn Bhd which is the substantial shareholder. He has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)
cont'd

Ordinary Resolution 2

MR YEOH CHIN HOE
(Senior Independent Non-Executive Director)

Nationality | Malaysian
Age | 71
Gender | Male
Date of Appointment | 22 May 2017
Length of Tenure | 4 years 10 months
(As at 30 March 2022)

MEMBERSHIP OF BOARD COMMITTEES
- Audit Committee – Chairperson
- Nomination and Remuneration Committee – Member
- Risk Management Committee – Member
- Whistle Blowing Committee – Chairperson

DIRECTORSHIP/PRESENT APPOINTMENTS (Other than Hextar Global Berhad)
- Chin Hin Group Berhad
- Complete Logistic Services Berhad

RELEVANT EXPERIENCE

Mr Yeoh is a Fellow of both The Association of Chartered Certified Accountants (UK) and Institute of Chartered Secretaries and Administrators (UK), a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He also obtained a Master degree in Business Administration (General Management) from Universiti Putra Malaysia in 1997.

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd in 2006, as a consultant specialising in business process improvements and general business management services.

Mr Yeoh has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest with the Group. He has not been convicted of any offences within the past 5 years other than traffic offences (if any), there has not been any public sanctions nor penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021. He is also an Independent Non-Executive Director of Chin Hin Group Berhad and Complete Logistic Services Berhad.

2. GENERAL MANDATE FOR ISSUE OF SECURITIES

Kindly refer to the Explanatory Notes on Special Business – Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (5) to the Notice of the 31st Annual General Meeting.

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

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

I/We ____ Tel: ______________________

[Full name in block and as per NRIC/Passport, NRIC/Passport/Company No.]

of ____

[Full address]

____

being member(s) of **HEXTAR GLOBAL BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing ^him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting ("31st AGM") 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) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on Monday, 23 May 2022 at 10.00 a.m. and any adjournment thereof, to vote as indicated below:

RESOLUTIONS	**DESCRIPTION OF RESOLUTION**	**FOR**	**AGAINST**
Ordinary Resolution 1	To re-elect Dato' Ong Choo Meng as Director of the Company.		
Ordinary Resolution 2	To re-elect Mr Yeoh Chin Hoe as Director of the Company.		
Ordinary Resolution 3	To approve 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 2022.		
Ordinary Resolution 4	To approve Director's fees of RM66,000.00 to Mr Yeoh Chin Hoe for the financial year ending 31 December 2022.		
Ordinary Resolution 5	To approve Director's fees of RM60,000.00 to Dato' Ong Soon Ho for the financial year ending 31 December 2022.		
Ordinary Resolution 6	To approve Director's fees of RM60,000.00 to Mr Liew Jee Min @ Chong Jee Min for the financial year ending 31 December 2022.		
Ordinary Resolution 7	To approve additional Director's fees of RM60,000.00 for the financial year ending 31 December 2022.		
Ordinary Resolution 8	To approve Directors' benefits of up to RM43,080.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 9	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Ordinary Resolution 10	Proposed Renewal of Authority to Allot and Issue Shares pursuant to Sections 75 And 76 of the Companies Act 2016.		
Ordinary Resolution 11	Proposed Renewal of Authority for Share Buy-Back.		
Ordinary Resolution 12	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this ________________day of ____________2022.

____
Signature of Member(s) or
Common Seal*

^ Delete whichever is inapplicable
* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  (i) at least two (2) authorised officers, of whom one shall be a director; or
  (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Fold This Flap For Sealing

Notes:

(i) In view of the COVID-19 outbreak and as part of the safety measures, the Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities via Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", or "**Tricor**" or "**TIIH**") Online websites at https://tiih.online or https://tiih.com.my. Shareholders may exercise their rights to participate (including to post questions to the Board) and vote at the AGM by using the RPV facilities. Please follow the procedures provided in the Administrative Details for the AGM in order to register, participate and vote remotely via the RPV facilities.

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 13 May 2022** 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) 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.

(ii) 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the AGM.

Then Fold Here

AFFIX STAMP

The Share Registrar:
HEXTAR GLOBAL BERHAD Registration No. 199001014551 (206220-U)
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

1st Fold Here

(ix) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote:-

(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.

(x) Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

(xi) Last date and time for lodging the Form of Proxy is **Saturday, 21 May 2022 at 10.00 a.m**.

(xii) 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 (ix)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(xiii) 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)

ADMINISTRATIVE DETAILS
31st ANNUAL GENERAL MEETING ("31ST AGM") OF HEXTAR GLOBAL BERHAD

Date	:	**Monday, 23 May 2022**
Time	:	**10.00 a.m.**
Online Meeting Platform	:	**TIIH Online websites at https://tiih.online or https://tiih.com.my** **(Domain registration number with MYNIC: D1A282781)** **Provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia**

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Company's 31st AGM will be conducted on a fully virtual basis using the above Online Meeting Platform provided by TIIH, where all meeting participants including the Chairman of the meeting, Board members, senior management and members are required to participate the meeting via online. Physical gatherings are strictly prohibited regardless of the crowd of any size.

According to the Revised Guidance Note and FAQs on the conduct of General Meeting for Listed Issuers issued by the Securities Commission Malaysia, an online meeting platform can be recognised as the meeting venue or place under Section 372(2) of Companies Act 2016 if the online platform is located in Malaysia. Members or proxies or corporate representatives or attorneys **WILL NOT BE ALLOWED** to attend the Annual General Meeting ("AGM") in person on the day of meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities provided by Tricor via its **TIIH Online** website at https://tiih.online.

Members who appoint proxies to participate via RPV facilities in the AGM must ensure that the duly executed Form of Proxy are deposited in a hard copy form to the Share Registrar's Office or by electronic means to Tricor no later than **Saturday, 21 May 2022 at 10.00 a.m**.

Corporate representatives of corporate members must deposit their **original or duly certified** certificate of appointment of corporate representative to Share Registrar's Office not later than **Saturday, 21 May 2022 at 10.00 a.m**. to participate the AGM via RPV facilities.

Attorneys appointed by power of attorney are to deposit their power of attorney with Share Registrar's Office not later than **Saturday, 21 May 2022 at 10.00 a.m**. to participate the AGM via RPV facilities.

A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the AGM of Hextar Global Berhad is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chaiman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy.

PROCEDURES FOR RPV FACILITIES

Members/proxies/corporate representatives/attorneys who wish to participate the AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an **e-mail to notify** you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend AGM remotely	• **Registration is open from 10.00 a.m. Friday, 22 April 2022 until the day of AGM, Monday, 23 May 2022**. Member(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV. • Login with your user ID and password and select the corporate event: **"(REGISTRATION) HEXTAR 31ST AGM".** • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at **13 May 2022**, the system will send you an **e-mail after 21 May 2022 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
ON THE AGM DAY (23 MAY 2022)		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the AGM at any time from **9.00 a.m.** i.e. 1 hour before the commencement of the AGM on **Monday, 23 May 2022 at 10.00 a.m**.
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) HEXTAR 31ST AGM**" to engage in the proceedings of the AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences **from 10.00 a.m. on Monday, 23 May 2022** until a time when the Chairman announces the completion of the voting session of the AGM. • Select the corporate event: • **(REMOTE VOTING) HEXTAR 31ST AGM** or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board prior to the AGM via Tricor's **TIIH Online** website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Saturday, 21 May 2022 at 10.00 a.m**. The Board will endeavour to answer the questions received at the AGM.

ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at **13 May 2022** shall be entitled to attend, speak and vote at the AGM or appoint proxies/corporate representatives/attorneys to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVES / ATTORNEYS

The AGM will be conducted in fully virtual manner, if you are unable to attend the meeting via RPV on 23 May 2022, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Form of Proxy.

Accordingly, Form of Proxy and/or document relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 21 May 2022 at 10.00 a.m.**:

(i) In Hard Copy:

By hand or post to the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

(ii) By Electronic Form:

All members can have the option to submit Form of Proxy electronically via TIIH Online and the steps to submit are summarised below:

	Procedure	Action
i.	**Steps for Individual Members**	
(a)	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services" select "**Create Account by Individual Holder**". Please do refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**HEXTAR 31ST AGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print Form of Proxy for your record.
ii.	**Steps for Corporation or Institutional Members**	
(a)	Register as a User with TIIH Online	• Access TIIH online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*

	Procedure	Action
(b)	Proceed with submission of Form of Proxy	• Login to TIIH Online at https://tiih.online • Select the corporate event: "**HEXTAR 31ST AGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

POLL VOTING

The Voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Members can proceed to vote on the resolutions at any time from the commencement of the AGM at 10.00 a.m. but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to the note above, "**Procedures for RPV Facilities**" for guidance on how to vote remotely from **TIIH Online** website at https://tiih.online.

Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman to declare whether the resolutions are duly passed.

ANNUAL REPORT 2021 & CIRCULAR TO SHAREHOLDERS

The Company's Annual Report 2021 and Circular to Shareholders is available at the Company's website at http://hextarglobal.com.

Should you require a printed copy of the Annual Report and/or Circular to Shareholders, please request at our Share Registrar's website at https://tiih.online by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, you may also make your request through telephone/e-mail to our Share Registrar at the number/e-mail addresses given below. We will send it to you by ordinary post as soon as possible upon receipt of your request. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the AGM since the meeting is being conducted on a fully virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the AGM is allowed.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Share Registrar – Tricor Investor & Issuing House Services Sdn. Bhd.
General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact Persons
- Ms. Christine Cheng +603 2783 9265/ Email : christine.cheng@my.tricorglobal.com
- Mr Ang Wai Meng +603 2783 9281/ Email : wai.meng.ang@my.tricorglobal.com

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