Hextar

HEXTAR HEALTHCARE BERHAD
199601000297 (372642-U)

Annual Report 2023

CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting ("28th AGM") of **HEXTAR HEALTHCARE BERHAD** ("**Hexcare**" or the "**Company**") will be conducted fully virtual through online meeting platform via TIIH Online website 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 on Monday, 27 May 2024 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.	**(Please refer to Explanatory Note 1)**
2.	To approve the payment of Directors' Fees of RM217,370.00 to the Non-Executive Directors for the financial year ending 31 December 2024.	**(Resolution 1)**
3.	To approve the payment of Directors' Benefits of up to RM32,000.00 to the Non-Executive Directors for the period from 28 May 2024 until the Twenty-Ninth Annual General Meeting of the Company to be held in 2025.	**(Resolution 2)**
4.	To re-elect the following Directors who are retiring in accordance with the Constitution of the Company and being eligible, have offered themselves for re-election:	
	(i) Mr. Khoo Chin Leng [Clause 76(3)]	**(Resolution 3)**
	(ii) Mr. Goh Hsu-Ming [Clause 76(3)]	**(Resolution 4)**
	(iii) Mr. Sim Yee Fuan [Clause 78]	**(Resolution 5)**
5.	To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.	**(Resolution 6)**

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:-

6. **AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **(Resolution 7)**

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

THAT such approval on the Proposed 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.

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."

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **(Resolution 8)**

"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 best 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 the 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 purchase;

("Proposed Share Buy-Back").

Notice of Annual General Meeting
(cont'd)

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)**

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:-

(i) 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;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

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

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

(i) To cancel all or part of the Purchased Shares;

(ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

(iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

(iv) To resell all or part of the treasury shares;

(v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

(vi) To transfer all or part of the treasury shares as purchase consideration;

(vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with the responsibility for companies 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.

7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)**

   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."

8. To transact any other business of which due notice is given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

ONG WAI LENG (SSM PC 202208000633)(MAICSA 7065544)
MASTURA BINTI MUHAMAD (SSM PC 202308000517)(MACS 01875)
Secretaries

Ipoh
26 April 2024

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Notes:

1. **IMPORTANT NOTICE**

   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for 28th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at **20 May 2024.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to attend and vote instead of the member at the general meeting.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for 28th AGM.

<u>Notes:</u> (Cont'd)

9. 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 general meeting at which the person named in the appointment proposes to vote:

   (i) <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Company's Share Registrar at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) <u>By electronics means</u>
   The Form of Proxy can be electronically lodged with the Company's Share Registrar via TIIH Online website at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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.

11. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

12. Last date and time for lodging the Form of Proxy is **Saturday, 25 May 2024 at 10.00 a.m.**

13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        a. at least two (2) authorised officers, of whom one shall be a director; or
        b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Notice of Annual General Meeting
(cont'd)

A. Explanatory Notes on the Ordinary Business:

1. Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Proposed Resolution 1:

   The Directors' Fees proposed for the financial year ending 31 December 2024 are calculated based on the current board size and in accordance with the Company's policy guidelines and with reference to external industrial benchmark reports. In the event the Directors' Fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting ("AGM") for additional fees to meet the shortfall.

3. Proposed Resolution 2:

   The benefits are calculated based on the current board size and the number of scheduled Board and Committee meetings for the period from 28 May 2024 until the Twenty-Ninth AGM of the Company to be held in 2025. In the event the proposed amounts are insufficient, (e.g. due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

4. Proposed Resolutions 3, 4, and 5:

   Mr. Khoo Chin Leng, Mr. Goh Hsu-Ming and Mr. Sim Yee Fuan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 28th AGM.

   The Board of Directors ("the Board") has, through the Nomination and Remuneration Committee ("NRC"), considered the performance and contribution of each of the retiring Directors, their fitness and propriety with reference to the Directors' Fit and Proper Policy, and collectively agreed that they meet the criteria prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") on skill, expertise, experience, professionalism, commitment, integrity, character, competence and time to effectively discharge their role as Directors.

   The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors.

   The details and profiles of Directors seeking re-election are set out in the Directors' Profiles section of the Company's Annual Report 2023 at pages 18 and 19.

5. Proposed Resolution 6:

   The Board has through the Audit Committee ("AC"), considered the re-appointment of Messrs Deloitte PLT as Auditors of the Company. The factors considered by the AC in making the recommendation to the Board to table their re-appointment at the 28th AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.

B. Explanatory Notes on the Special Business:

1. Proposed Resolution 7:

   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 of offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed General Mandate").

B. Explanatory Notes on the Special Business: (Cont'd)

The authority for the Proposed 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 purpose of the Proposed 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 investments 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.

The Company had on 26 March 2024 announced to Bursa Securities to undertake the proposed private placement of up to 100,191,000 new ordinary shares in the Company ("Placement Shares"), which represented up to 10% of the total number of issued ordinary shares of the Company ("Private Placement"). Bursa Securities had on 2 April 2024 approved the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities. No Placement Shares have been issued at 19 April 2024, being the last practicable date prior to printing of this notice of 28th AGM. The Company will make an announcement in respect of the details of the utilisation of proceeds raised from the Placement Shares upon the completion of the Private Placement.

2. Proposed Resolution 8:

The proposed Resolution 8, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 26 April 2024.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

As at date of this notice, there are no individuals who are standing for election as Directors at this Twenty-Eighth Annual General Meeting.

ADMINISTRATIVE GUIDE

ADMINISTRATIVE GUIDE FOR THE TWENTY-EIGHTH ANNUAL GENERAL MEETING ("28TH AGM") OF HEXTAR HEALTHCARE BERHAD ("HEXCARE" OR THE "COMPANY")

Date	:	Monday, 27 May 2024
Time	:	10.00 a.m.
Online Meeting Platform	:	TIIH Online website at https://tiih.online or http://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. Malaysia

MODE OF MEETING

- The 28th AGM of the Company will be conducted on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via Remote Participation and Electronic Voting ("RPV") facilities.

SHAREHOLDERS' PARTICIPATION AT THE 28TH AGM VIA RPV

- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM using the RPV provided by Tricor.
- The RPV are available on Tricor's TIIH Online website at https://tiih.online.
- We strongly encourage you to participate the 28th AGM via the RPV. You may also consider appointing the Chairman of the meeting as your proxy to attend and vote on your behalf at the 28th AGM.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES FOR RPV

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 28th AGM using the RPV:-

Procedure	Action
BEFORE THE 28TH AGM DAY	
i. 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**" by selecting "**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 email. • If you are already a user with TIIH Online, you are not required to register again. • You will receive an email to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend the 28th AGM remotely	• Registration is open from **10.00 a.m. on Friday, 26 April 2024** until the day of the 28th AGM on Monday, 27 May 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 28th AGM to ascertain their eligibility to participate the 28th AGM using the RPV facilities. • Login with your user ID (i.e. email address) and password and select the corporate event: "**(Registration) HEXCARE 28TH AGM**".

PROCEDURES FOR RPV (CONT'D)

Procedure	Action
BEFORE THE 28TH AGM DAY	
	• 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 email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at **20 May 2024**, the system will send you an email after **25 May 2024** 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 28TH AGM DAY	
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the 28th AGM at any time from 9.00 a.m., i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Monday, 27 May 2024.
ii. Participate through live streaming	• Select the corporate event: "**(Live Stream Meeting) HEXCARE 28TH AGM**" to engage in the proceedings of the 28th 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 try to respond to questions submitted by remote participants during the 28th AGM. If there is time constraint, the responses will be emailed to you at the earliest possible, after the meeting.
iii. Online remote voting	• Voting session commences from 10.00 a.m. on Monday, **27 May 2024** until a time when the Chairman announces the end of the voting session. • Select the corporate event: "**(Remote Voting) HEXCARE 28TH 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.
iv. End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 28th AGM, the live streaming will end.

NOTE TO USERS OF THE RPV:-

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
(ii) 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.
(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616 / 011-4080 3168 / 011-4080 3169 / 011-4080 3170 or email to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

- Only members whose names appear on the Record of Depositors ("ROD") as at **20 May 2024** shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote in the 28th AGM or appoint a proxy(ies)/ corporate representative(s)/attorney(s) and/or the Chairman of the Meeting to attend and vote on his/ her behalf.

- In view that the 28th AGM will be conducted on a fully virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

- If you wish to participate in the 28th AGM yourself, please do not submit any Form of Proxy for the 28th AGM. You will not be allowed to participate in the 28th AGM together with a proxy appointed by you.

- Accordingly, Form of Proxy and/or documents relating to the appointment of proxy/corporate representative/ attorney for the 28th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 25 May 2024** at **10.00 a.m.** :-

(i) In hard copy:-

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(ii) By electronic form:-

All shareholders 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 Shareholders	
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". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Form of Proxy	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: "**HEXCARE 28TH 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(ies) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the Form of Proxy for your record.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

Procedure	Action
II. Steps for Corporation or Institutional Shareholders	
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 shareholder 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 shareholder 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, Tricor, if you need clarifications on the user registration.*
Proceed with submission of Form of Proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: "**HEXCARE 28TH AGM - Submission of Proxy Form**" • Agree to the Terms & Conditions and 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.

VOTING AT MEETING

- The voting at the 28th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has appointed Tricor to conduct the poll voting and Asia Securities Sdn. Bhd. as Independent Scrutineers to verify the poll results.

- Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 28th AGM at 10.00 a.m. Kindly refer to "**Procedures for RPV**" provided above for guidance on how to vote remotely via TIIH Online website at https://tiih.online.

- Upon completion of the voting session for the 28th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

RESULTS OF THE VOTING

- The resolutions proposed at the 28th AGM and the results of the voting will be announced at the 28th AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

NO DOOR GIFT

- There will be no distribution of door gifts for the 28th AGM.
- The Company would like to thank all its shareholders for their co-operation and understanding in these challenging times.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

- In order to enhance the efficiency of the proceedings of the 28th AGM, shareholders may in advance, before the 28th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "**e-Services**" to login, post your questions and submit it electronically no later than **Saturday, 25 May 2024** at **10.00 a.m**. The Board of Directors will endeavor to address the questions received at the 28th AGM.

ENQUIRY

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours, i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

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CORPORATE INFORMATION

BOARD OF DIRECTORS

LIEW JEE MIN @ CHONG JEE MIN
Independent, Non-Executive, Chairman

KHOO CHIN LENG
Group Managing Director

GOH HSU-MING
Executive Director

SIM YEE FUAN
Independent, Non-Executive
(Appointed on 26 May 2023)

DORIS CHENG CHIN CHING
Independent, Non-Executive

LIM SIEW ENG
Independent, Non-Executive

Y. BHG. DATO' CHAN CHOUN SIEN
Independent, Non-Executive
(Retired on 26 May 2023)

LIM CHEE LIP
Executive Director
(Resigned on 29 December 2023)

AUDIT COMMITTEE

Sim Yee Fuan
(Chairman, Appointed on 26 May 2023)
Doris Cheng Chin Ching
Lim Siew Eng

NOMINATION & REMUNERATION COMMITTEE

Doris Cheng Chin Ching
(Chairman)
Lim Siew Eng
Sim Yee Fuan

COMPANY SECRETARIES

Ong Wai Leng
(SSM PC 202208000633)(MAICSA 7065544)
Mastura binti Muhamad
(SSM PC 202308000517)(MACS 01875)

AUDITOR

Deloitte PLT, Chartered Accountants

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
United Overseas Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Caixabank S.A.
Sabadell Atlantico S.A.

REGISTERED OFFICE

41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel No : 605-548 0888
Fax No : 605-545 9222

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01 Level 32 Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
8 Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.
Tel No : 603-2783 9299
Fax No : 603-2783 9222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Stock name/code: HEXCARE/7803

WEBSITES

www.hextarhealthcare.com
www.reszonics.com

FACTORY LOCATIONS

Lot 138201 Off ¾ Mile Jalan Bercham,
Kawasan Perindustrian Bercham,
31400, Ipoh, Perak Darul Ridzuan, Malaysia.

12A Jalan TP5, Taman Perindustrian UEP,
47600 Subang Jaya, Selangor Darul Ehsan,
Malaysia.

INVESTOR RELATIONS

Stephanie Hew
Email: stephanie.hew@hextar.com

CORPORATE STRUCTURE

HEXTAR HEALTHCARE BERHAD
Incorporated in 1996
Public Listed Company on Malaysia Stock Exchange

100%
Rubberex (M) Sdn Berhad
Manufacturing and Sales of Household and Industrial Gloves

100%
Diamond Grip (M) Sdn Bhd
Investment Holding

100%
Rubberex Empire Sdn Bhd
Property Investments

100%
Rubberex International Sdn Bhd
Trading in Gloves and IVD Medical Devices

100%
Reszon Diagnostics International Sdn Bhd
Manufacturing and Sales of IVD Medical Devices

100%
Rubberex Spain SL
Trading of Gloves

100%
Rubberex Alliance Sdn Bhd
Manufacturing and Sales of Disposable Gloves

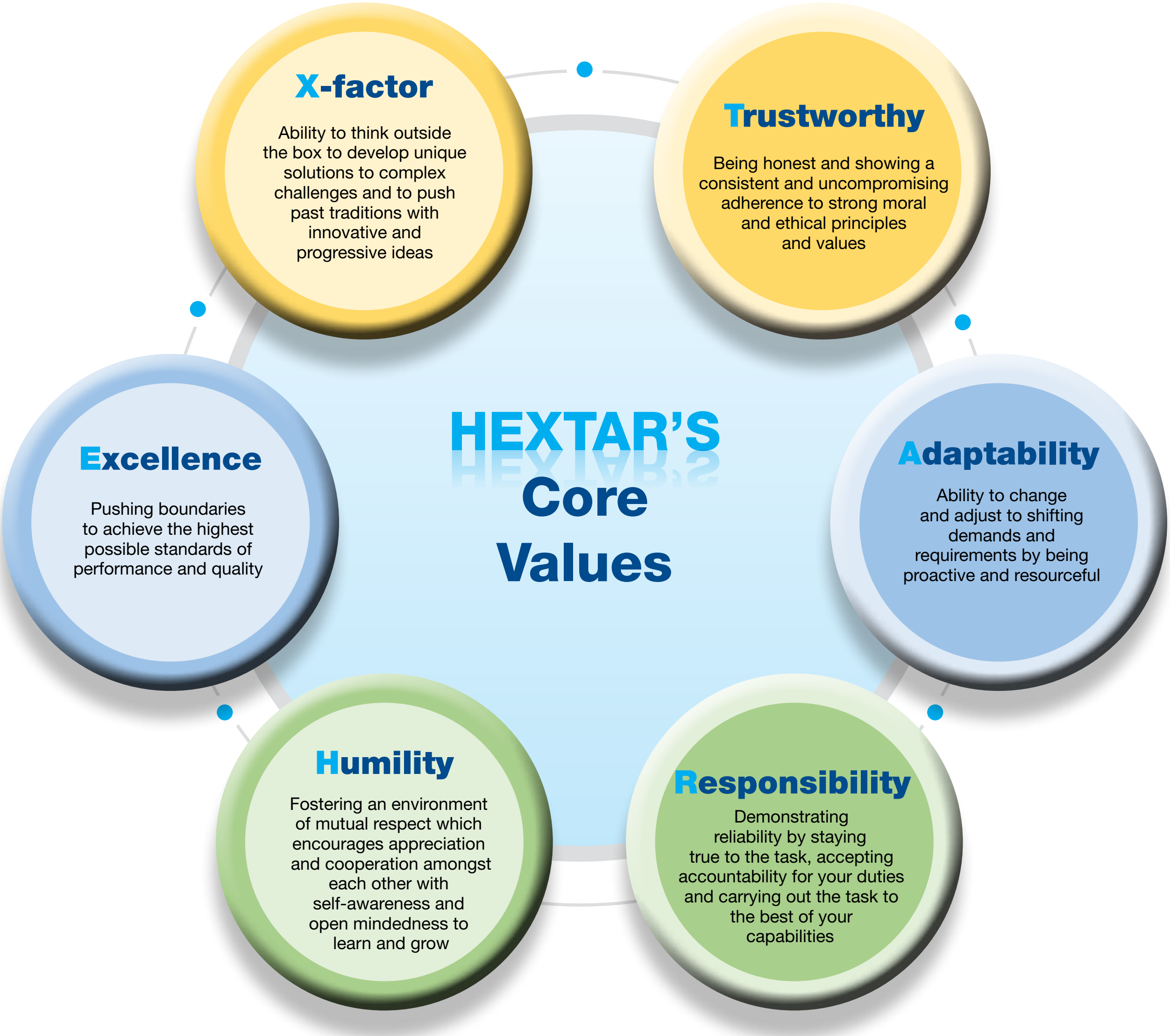
VISION, MISSION AND CORE VALUES

Our Vision

To be the preferred business partner and employer of choice where **We Enrich Lives with Our Products And Solutions**

Our 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 **with sustainability principles underpinning our corporate thinking and actions**



BOARD OF DIRECTORS' PROFILE

Mr. Liew Jee Min @ Chong Jee Min, aged 65, male, a Malaysian, was appointed as an independent non-executive Chairman of the Company on 12 August 2021. Mr. Liew Jee Min @ Chong Jee Min is the co-founder of legal firm Messrs. JM Chong, Vincent Chee & Co Advocates & Solicitors in Klang, Selangor, which specializes in various practices of law such as real estate, banking, corporate and commercial. He has accumulated more than thirty-eight years of experience as a legal practitioner and is currently the managing partner of the firm.

Mr. Liew Jee Min @ Chong Jee Min obtained his Bachelor Degree in Law from the University of Leeds, England in 1984 and a Certificate of Legal Practice, Malaya in 1985. Thereafter, he was admitted as an Advocate and Solicitor of the High Court of Malaya in 1986 and an Advocate of Sabah and Sarawak in 1987. Mr. Liew Jee Min @ Chong Jee Min is also the Chairman/Director of public-listed Asteel Group Berhad (formerly known as YKGI Holdings Berhad), and sits on the boards of Parkson Holdings Berhad and Hextar Global Berhad as well.

Mr. Liew Jee Min @ Chong Jee Min also serves in various associations in Malaysia, among which are:

(i) Vice President of the Klang Chinese Chamber of Commerce & Industry (KCCCI);

(ii) Chairman of the Legal Affairs Committee of KCCCI and the Associated Chinese Chamber of Commerce & Industry of Coastal Selangor;

(iii) Council Member of the Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor, and Chairman of its Legal Affairs Committee;

(iv) Member of the Legal Affairs Committee of the Associated Chinese Chamber of Commerce & Industry of Malaysia; and

(v) Legal Advisor of Malaysia Used Vehicles Autoparts Traders' Association, the Kuala Lumpur & Selangor Furniture Entrepreneur Association and Sekolah Menengah Chung Hua (PSDN) Klang, Selangor.

Mr. Liew Jee Min @ Chong Jee Min does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Mr. Khoo Chin Leng, aged 64, male, a Malaysian, is the Managing Director of the Company and was appointed to the Board of the Company on 01 July 2013. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants (FCCA), United Kingdom. Mr. Khoo Chin Leng joined Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1988 as an Accountant and has held various positions within the Finance Division of the Group. Mr. Khoo Chin Leng was instrumental in the set-up and operations of the Group's subsidiary companies in China and had been active in the vinyl disposable glove operations in China from 2005 until the disposal of these subsidiary companies at the end of 2018. Prior to joining Rubberex (M) Sdn Berhad, he was attached to IJM Corporation Berhad, as its Accountant for five years.

Mr. Khoo Chin Leng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report.

Board of Directors' Profile (cont'd)

Mr. Goh Hsu-Ming, aged 48, male, a Malaysian, is an Executive Director of the Company, who was appointed on 05 August 2021. Mr. Goh Hsu-Ming is a double-major graduate in Accounting and Finance from the University of Sydney, Australia. He has more than thirteen years' experience in a Malaysian conglomerate with senior roles in capital markets, stockbroking and principal investments. Prior to this, he has also worked in Hong Kong and Singapore and was attached to a leading global investment bank for several years. He started his career with a Big-4 accounting firm in Malaysia. Mr. Goh Hsu-Ming is currently the Group Deputy CEO of the Hextar Group of companies.

Mr. Goh Hsu-Ming does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Mr. Sim Yee Fuan, aged 57, male, a Malaysian, is an independent non-executive Director of the Company, newly appointed to the Board of Directors on 26 May 2023. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company as well.

Mr. Sim Yee Fuan holds a Bachelor of Accounting (Honours) degree from the University of Malaya and obtained his professional qualification from the Malaysian Institute of Certified Public Accountants (MICPA). He also holds a Masters in Business Administration from the Northern University of Malaysia and is a Chartered Accountant registered with the Malaysia Institute of Accountants (MIA).

Mr. Sim Yee Fuan started his career with Bank Negara Malaysia (BNM) in 1991 and was attached to the Foreign Exchange Administration and Banking Supervision departments of BNM until 1995. Following his stint with BNM, he was attached to several public listed companies in Malaysia from years 1995 to 2006 where he specialized in the areas of accounting, finance and corporate management.

Presently, Mr. Sim Yee Fuan sits on the Board of Unimech Group Berhad as its Executive Director and on Eurospan Holdings Berhad and Seal Incorporated Berhad as their independent non-executive Director. He is also the Commissioner of PT Arita Prima Indonesia TBK, a company listed on the Indonesia Stock Exchange.

Mr. Sim Yee Fuan does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Board of Directors' Profile
(cont'd)

Ms. Doris Cheng Chin Ching, aged 66, female, a Malaysian, is an independent non-executive Director of the Company appointed to the Board of Directors on 01 January 2023. She is also a member of the Audit Committee and Chairman of the Nomination and Remuneration Committee of the Company. Ms. Doris Cheng qualified as a Registered Nurse from the Government School of Nursing in Hospital Kuala Lumpur, Malaysia, and was subsequently awarded a Certificate in Education (Further Education) from the University of Huddersfield, United Kingdom. She also went on to obtain a Master of Science in Health Care Management from the University of Wales, Swansea, United Kingdom.

Ms. Doris Cheng has more than twenty-eight years of experience in the Healthcare industry, having served ten years as a Registered Nurse with the Government, before joining several private healthcare companies in various capacities, from a Head Nursing Tutor in Pantai Medical Centre to a General Manager in Megah Medical Specialist Centre and subsequently as Chief Operating Officer at Damai Service Hospital, Kuala Lumpur.

Upon her retirement from the Healthcare industry, Ms. Doris Cheng ventured into the Warehousing/Logistics industry and is currently the Executive Director of Westport Handlers Sdn Bhd and Real Handlers Sdn Bhd, two companies which were incorporated in 2004 in Westports Malaysia Berhad Free Trade Zone, providing container freight station services, warehousing and logistics services in Malaysia.

Ms. Doris Cheng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Ms. Lim Siew Eng, aged 71, female, a Malaysian, is an independent non-executive Director of the Company appointed to the Board of Directors on 01 January 2023. She also sits on the Audit Committee and the Nomination and Remuneration Committee of the Company.

Ms. Lim Siew Eng holds a Bachelor of Economics (Honours) degree from the University of Malaya and has more than twenty-eight years' of experience in the financial services industry. She started her career with Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) where she had served as Head of Corporate Advisory before joining Maybank Investment Bank Berhad in 2004 as its Head of Corporate Finance.

During her tenure with the respective investment banks, she also served on the respective credit and management committees and was a Council member of the Malaysian Investment Banking Association. After her retirement in 2009, she was invited to be a member of the Qualitative Assurance Committee to assist in enhancing the overall quality of the Financial Sector Talent Enhancement Programme launched by the Institute of Bankers Malaysia in collaboration with Bank Negara Malaysia.

Ms. Lim Siew Eng is also presently an independent non-executive Director of Unisem (M) Berhad, a position she has held since 2015.

Ms. Lim Siew Eng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Notes:

Conviction of Offences

1. *None of the directors have been convicted of any offences within the past five years other than possible traffic offences, if any.*
2. *There were no public saction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.*

Directors' Shareholdings

3. *The details of the directors' interests in securities of the Company are set out in the Statement of Shareholdings on page 80 of the Annual Report.*

Dato' Chan Choun Sien (Christopher), aged 53, male, a Malaysian, is an independent non-executive director of the Company and was appointed on 27 May 2020. Dato' Chan Choun Sien retired from the Board of Directors of the Company on 26 May 2023. During his tenure, he served as the Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee of the Board. Dato' Chan Choun Sien was formerly the Managing Director, Investment Banking, of a leading investment bank in Southeast Asia and has over twenty-four years of experience in some of the largest mergers and acquisitions in Malaysia, IPOs, equity and debt fund raisings and corporate restructuring exercises, as well as regional private banking in Southeast Asia. He was named as one of the top ten investment bankers in Asia (ex-Japan) by Brendan Wood International Journal in 2006.

Dato' Chan Choun Sien is presently the Deputy Chairman of the Finance and Capital Market Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is also an independent non-executive Chairman of Hextar Industries Berhad and sits on the boards of Tan Chong Motor Holdings Berhad, Esthetics International Group Berhad and Selangor Dredging Berhad as an independent non-executive director of these companies.

Dato' Chan Choun Sien holds a Bachelor of Laws (Hons) degree and a Bachelor of Commerce degree from the University of Melbourne. He attended a Leadership Programme in INSEAD (2010-2012) and is also a Certified Practising Accountant with CPA Australia.

Dato' Chan Choun Sien does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Mr. Lim Chee Lip, aged 37, male, a Malaysian, is an Executive Director of the Company, appointed on 28 August 2020. Mr. Lim Chee Lip resigned from the Board of Directors of the Company on 29 December 2023. Mr. Lim Chee Lip holds a post graduate diploma (PgDip) in Business Administration from the University of Wales Trinity Saint David, a Master in Construction Law and Arbitration (LLM) as well as a Bachelor degree in Quantity Surveying from Robert Gordon University, United Kingdom. Upon graduation, he worked for Stewart Milne Group Limited and Hill International Inc., one of the largest public-listed U.S. consulting firms.

Mr. Lim Chee Lip is a member of the Chartered Institute of Arbitrators in the United Kingdom and Malaysia and has more than ten years of professional work experiences in the United Kingdom, Middle East and Asia, in the areas of Dispute Resolution, Contract Management, Corporate Finance and Advisory. He has also accumulated vast corporate management experiences including directing, strategic planning and expansion of various private and public companies in Malaysia. Mr. Lim Chee Lip holds directorships in a number of private limited companies in Malaysia.

Mr. Lim Chee Lip does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

KEY SENIOR MANAGEMENT'S PROFILE

En. Sabri bin Abd Hamid, aged 58, male, a Malaysian is the President of Marketing (Gloves & PPE) for the Group. He holds a Bachelor of Economics and Statistics degree from the University of North Carolina in the United States. En. Sabri bin Abd Hamid joined Rubberex (M) Sdn Berhad, a wholly-owned subsidiary of the Company in 1994 as a Marketing Executive and is principally involved in the sales and operation of the Group's Gloves Division. Prior to joining Rubberex, En. Sabri bin Abd Hamid was the Assistant Manager of Franchise Foodstores in Charlotte, United States for three years.

En. Sabri bin Abd Hamid does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Mr. Law Eng Lim, aged 55, male, a Malaysian, is currently the Chief Executive Officer of the Group's subsidiary company, Reszon Diagnostics International Sdn Bhd, which is principally involved in manufacturing a suite of innovative in-vitro diagnostics (IVD) rapid test kits and enzyme-linked immunosorbent assay (ELISA) test kits specializing in infectious diseases diagnosis and drug-of-abuse screening for medical professionals and the clinical diagnostics markets. Mr. Law Eng Lim holds a Bachelor of Biochemistry (Honours) degree from University Kebangsaan Malaysia, which was obtained in 1993 and spent the early years of his career as a researcher in Singapore and was a biochemist/ founder of Research Biolabs Sdn Bhd, a leading biochemistry laboratory in Malaysia.

Mr. Law Eng Lim has been credited with producing one of the country's first COVID-19 self-test kits certified and approved by the Medical Device Authority (MDA), a federal statutory agency under the Ministry of Health, for sale and distribution in Malaysia. He is actively involved in the daily operations, business development, strategic planning and research and development (R&D) of the Group's Medical Devices division.

Mr. Law Eng Lim does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Notes:

Conviction of Offences

1. *None of the Key Senior Management has been convicted of any offences within the past five years other than possible traffic offences, if any.*
2. *There were no public sanction or penalty imposed by the relevant regulatory bodies in the financial year ended 31 December 2023.*

CHAIRMAN'S STATEMENT

Dear valued stakeholders,

On behalf of the Board of Directors of Hextar Healthcare Berhad ("Hexcare" or the "Group"), I am once again, honoured and privileged to present to you our Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2023 ("FYE2023").

It is with a deep sense of encouragement and pride that I observed the resilience displayed by our Group in navigating through another complex, challenging business environment in the past year. While the spread of COVID-19 and the pandemic are well past us, we have yet to bear witness to any meaningful recovery or revitalization of the glove industry since then. With the benefit of hindsight, consumers, medical professionals and healthcare industry players today are considerably more well-prepared and primed with the knowledge and right safety equipment to face similar risks should another outbreak occur. Without doubt, intense competition abounds and new manufacturers, even from non-traditional glove producing countries, have swarmed the market for a piece of the profit pie. In the past year, the Group has continued to grapple with challenges posed by a prolonged period of oversupply of gloves and medical devices in the market, a situation further aggravated by excessive inventory stockpiling by consumers, price wars and rapid relentless declines in the average selling prices (ASPs) of our products.

On a macro scale, in FYE2023, just as most economies and supply chains were on a rebound from the pandemic, the economic and domino effects of the ongoing Russia-Ukraine war and Middle East conflicts continue to ripple to all corners of the Earth, most noticeably in Europe where the consequences of trade sanctions, supply chain disruptions, higher energy and commodity prices as well as huge uncertainties loom large. Europe, being home to the Group's largest customer base, was not spared from inflationary pressures that resulted from threatened gas supply by Russia. The Israel-Hamas conflict has also spilled onto the global stage with a humanitarian crisis that had polarized European Union member states and foretold of continuing rising oil and food prices in the region.

Against this backdrop, the far-reaching effects of wars on world economies, stock markets, exchange rates and commodity prices have brought about the International Monetary Fund (IMF) to predict a 3.1% global growth rate for the year 2024, according to its World Economic Outlook Update for January 2024. This forecast comes amidst challenges such as elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth which are putting a strain on economic activities. *(Source: International Monetary Fund - World Economic Outlook Update January 2024)*

Closer to home, in Malaysia, while we contend with rising costs of living and a weakening Ringgit against both the U.S. Dollar and Euro, Budget 2024 unveiled several targeted assistances and benefits for the Rakyat. Building upon the strengths of the country's manufacturing sector, Budget 2024 also outlined several initiatives such as the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030) that will collectively guide Malaysia's industries towards technological advancements and deeper integration into global value chains. Despite a challenging business environment, the Group is ultimately supportive of the government's plans and aspirations. The emphasis on energy diversification, efficiency, and innovative technology adoption within these plans underscores a comprehensive approach to not only bolster the manufacturing sector but also align it with global trends towards greener and more sustainable industrial practices. *(Source: https://belanjawan.mof.gov.my/pdf/belanjawan2024/ucapan/ub24-BI.pdf)*

Chairman's Statement
(cont'd)

The significant challenges and volatility that have marked the difficult business landscape of FYE2023 finally resulted in Hexcare reporting a Loss after Tax of RM64.4 million, primarily driven by low ASPs and weak demand of the Group's products, and surpassing that of the previous financial year of RM55.7 million, while necessary provision impairments, write-downs and loss allowances were accounted for. Backed by a reported revenue of RM154.8 million, the Group remains steadfast to its core healthcare business as it charts new market directions, strategic business decisions and growth paths for the Group. On behalf of the Board of Directors and Management of Hexcare, I re-affirm to you, our valued stakeholders, of our unwavering dedication and determination in overcoming these adversities and emerge a stronger Hexcare in the new financial year.

Acknowledgements

As this challenging financial year comes to a close, on behalf of the Board of Directors, I would like to express our heartfelt appreciation to both the Management and staff at Hexcare. Their consistent dedication and commitment have played a crucial role in sustaining the Group's operations and safeguarding our essential workforce. We deeply appreciate their diligent efforts and are truly grateful for their invaluable contributions.

I would also like to express my deepest appreciation to Dato' Chan Choun Sien, who retired as an Independent non-executive Director of the company during the year. His exemplary wisdom and leadership in heading the Audit Committee and guiding the Group have put us in good stead since 2020 and we are immensely grateful for his services to Hexcare. FYE2023 also acknowledged the departure of Lim Chee Lip, our Executive Director, from the Board of Directors of the Company at the end of the financial year to pursue other interests within the greater Hextar Group of Companies. We place on record our sincerest appreciation for his tireless efforts in charting momentous growth directions for Hexcare over the years.

Finally, on behalf of the Board of Directors of Hexcare, I extend our heartfelt thanks to you, our valued shareholders, for your continued faith and loyalty to Hexcare. We are also equally indebted to our business partners, financiers, advisors, the Malaysian government, agencies, and other significant regulatory authorities for their unwavering professional support of Hexcare, which have been crucial in helping us navigate through the uncertainties of the past year. I reiterate our commitment to you, and put forth our dedication to building a more robust and lasting future for Hexcare.

LIEW JEE MIN @ CHONG JEE MIN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Hextar Healthcare Berhad ("Hexcare") is a public listed company on Bursa Malaysia Securities Berhad (Stock code: 7803). Its headquarters and glove manufacturing facilities are located in Bercham Industrial Area, Ipoh, Perak on a total land size of approximately 24 acres. The subsidiary companies under Hexcare (collectively referred to as "the Group") are mainly involved in the production and sales of household or general-purpose gloves, industrial gloves and nitrile disposable gloves for the export market. With the European continent being its largest customer base, Hexcare also operates a wholly-owned overseas marketing office/warehouse totaling 35,000 sq. feet in the port city of Valencia, Spain, Rubberex Spain S.L., to cater for the distribution of the Group's products around Spain, other European Union (EU) nations and Spanish-speaking regions of South America.

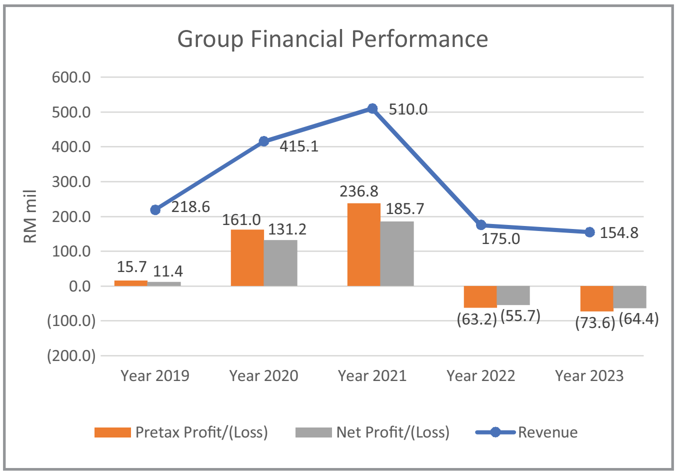
Hexcare also owns and operate a medical device plant, Reszon Diagnostics International Sdn Bhd ("Reszon"), that is principally involved in the manufacturing of innovative in-vitro diagnostics (IVD) rapid test kits and enzyme-linked immunosorbent assay (ELISA) test kits specializing in the detection and diagnoses of infectious diseases and drug-of-abuse screening for medical professionals and the clinical diagnostic markets. Reszon's production and laboratory facilities are located in Subang Jaya, Selangor.

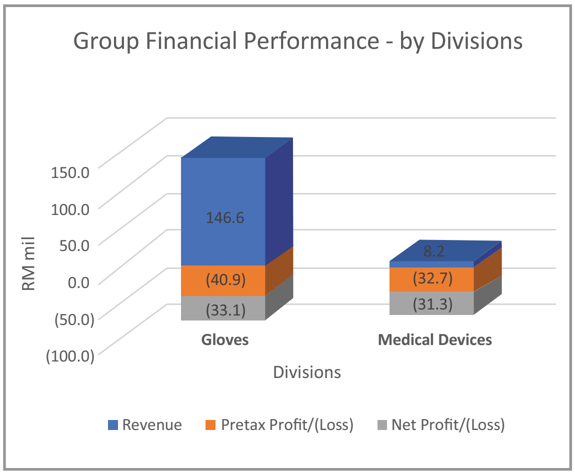
Apart from gloves and medical devices, Hexcare also holds a 20% equity stake in a shopping mall known as Empire City Mall, developed as part of a larger project of Empire City in Klang Valley, Selangor. The mall is currently at its final stages of completion and is scheduled to be operational by second quarter of 2025.

The Year Under Review

In what has been acknowledged as the most difficult and challenging period in the Group's history, financial year 2023 ("FYE2023") was one that essentially tested the strength and resilience of the Group in terms of financial, operational and human capital management. As with its peers in the glove industry, the Group had to contend with perpetual over-supply of gloves in the market, soft demand and unfavourable average selling prices ("ASP") that persisted unendingly throughout FYE2023.

For the second consecutive year, the Group remains in the red, with a net loss that has widened by 15.6% to RM64.4 million, from RM55.7 million in the previous financial year. Revenue was recorded at RM154.8 million for FYE2023, a decline by RM20.2 million or 11.5% from RM175.0 million previously.





Management Discussion and Analysis
(cont'd)

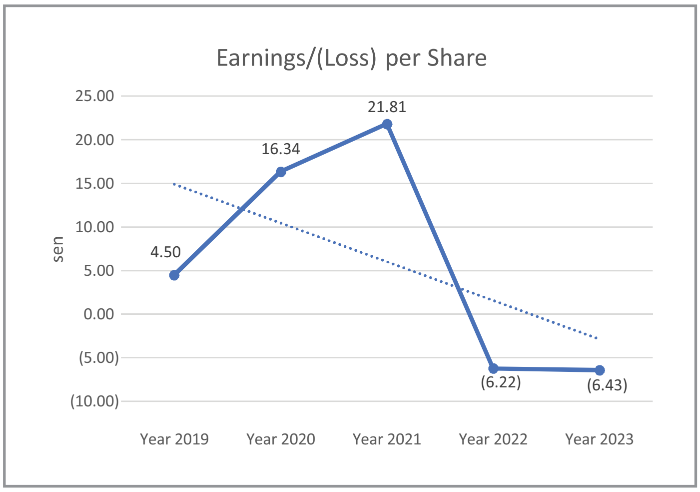
Gloves Division

In respect of the Group's Gloves division, the financial shortcomings of FYE2023 were predominantly driven by the effects of muted ASPs and soft market demand for disposable gloves, compounded by low capacity utilization that ultimately led to high production costs and margin compressions. The Group prudently addressed this by having certain inventories amounting to RM21.3 million duly written down to net realizable values ("NRV") by the end of the year. Net loss recorded by this division was RM33.1 million, against revenue of RM146.6 million in FYE2023.

Medical Devices Division

Given that the Group's Medical Devices division, which was fully immersed in the production and sales of rapid test kits for the detection of COVID-19 during the pandemic, had scaled down its operations significantly, impairments to its inventories and certain idle plant and machineries were also taken up in FYE2023, totaling RM16.2 million, which materially impacted its financial performance. This division contributed RM8.2 million to Group Revenue in FYE2023.

As a result of these substantial adjustments, the Group's loss per share (LPS) extended from 6.22 sen in FYE2022 to 6.43 sen in the financial year just ended.



Key Operating Divisions

Nitrile Disposable Gloves

At one time the Group's key revenue contributor, most notably during the pandemic, the performance of this division has tumbled since then, as the Group continues to grapple with the after-effects of intense competition and supply-demand imbalance in the market. Despite a ready installed practical capacity of approximately 2.2 billion pieces of gloves, the soft demand and slow order books led this division to churn out a fraction of that; plant utilization rate was sluggish at 20.2% with 437.4 million pieces of nitrile disposable gloves produced in FYE2023, albeit a slight increase of 8.0% from 404.8 million pieces produced the year before.

In FYE2023, this division generated RM55.7 million in revenue, or a contribution of 36.0% to the Group. Notwithstanding an increase in sales volume during the year where a total of 581.6 million pieces of gloves were sold compared to 507.5 million pieces the year before, an improvement of 14.6%, the effect was negated by unfavourable ASPs, which declined by 16.6% from USD25/1000 pieces previously to USD21/1000 pieces during the year.

All said, with such unfavourable challenging market conditions to contend with, the Group conceded to a write-down in the value of its unsold nitrile disposable glove stocks to NRV, for the second consecutive year, by an amount of RM21.3 million. While the Group acknowledges the recession-proof nature of gloves where greater health, safety and hygiene awareness within the medical community and the global population should prevail, the Management does not foresee any meaningful recovery in terms or ASPs within the next twelve months. As with all business cycles, the Management views these setbacks as temporary and is hopeful for a return to normalcy for ASPs when supply-demand equilibrium is reached.

Household and Industrial gloves

The performance of Hexcare's traditional stronghold of the Household and Industrial glove division dipped in FYE2023 as it contributed RM86.4 million or 55.8% in terms of revenue to the Group, a reduction from RM109.0 million or 62.3% from the previous year, owing to the overall muted demand and slowdown in demand for gloves in the market.

While a total of 46.8 million pairs of household and industrial gloves were produced, against 40.5 million pairs sold during the year, this division was not without its usual operational challenges such as fluctuations in raw material and energy prices, labour as well as foreign exchange risks. One mitigating factor that bode well for this division was the savings reaped through the lower costs of direct materials i.e. latex during the year. The cost of natural rubber, a key component in the manufacture of household gloves, reduced by 12.2% while savings from the cost of synthetic latex for industrial gloves were more pronounced, at 27.7%, in the same financial period. Unlike nitrile disposable gloves, the reusable nature and unique properties of these gloves accord them greater stability and consistency in terms of pricing and less vulnerability to competition risks. Gross profit margins remained range-bound at 14.9% to 17.3% between both financial periods, underscoring the dependability and importance of this division to the Group.

Trading of gloves

The Group's trading activities were mainly carried out by its sole overseas marketing arm, Rubberex Spain S.L. ("RSSL"), which was initially set up in 2005 to forge and support strategic business relationships with a leading supermarket chain in Spain. RSSL operates and maintains a 35,000 square feet sized warehouse in Valencia and has a staff count of seven who manages the procurement of gloves from related companies in Malaysia, for eventual sales and distribution to customers in Spain and Europe. In FYE2023, trading activities accounted for RM21.6 million or 14.0% of Group revenue, similar to that of the previous financial year.

RSSL's business direction has primarily been focused on growth, capitalizing on its strong networks, alliances and recognized presence in Spain to establish inroads with customers around the EU regions and other Spanish-speaking nations. Taking advantage of the common language spoken by the vast majority of the population in South and Central Americas, in FYE2023, RSSL successfully penetrated these regions with sales of RM12.4 million or 25.5% of its revenue derived from these new regions compared to a mere 4.8% a year ago.

Medical Devices and Rapid Test Kits ("RTK")

Hexcare's wholly-owned medical device manufacturer, Reszon, contributed RM8.2 million in revenue to the Group in FYE2023, via the sales of 3.2 million units of RTKs for the detection of COVID-19 (under the established brand name, "Salixium"), human immunodeficiency virus (HIV) and drug-of-abuse screenings. Reszon's products are mainly distributed within Malaysia, with certain exports to United States of America, Indonesia, Australia and other parts of Asia.

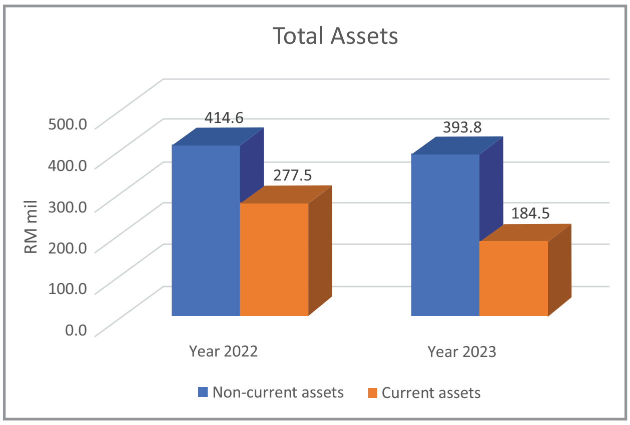
As the severity of COVID-19 eased, so did the demand and turnover of such RTKs in the market. Compared to its performance in previous financial year 2022, the sales of Reszon's COVID-19 test kits deteriorated most drastically, from 29.7 million units a year ago to 1.8 million units in FYE2023, a reduction of 93.8%. The unfortunate turn of events, along with prolonged consistent weak demand and low volumes of RTKs sold during the year also prompted several downward revisions of ASPs and promotional sales campaigns as the Group accelerated the movement of its inventories considering the limited shelf lifespans of these products.

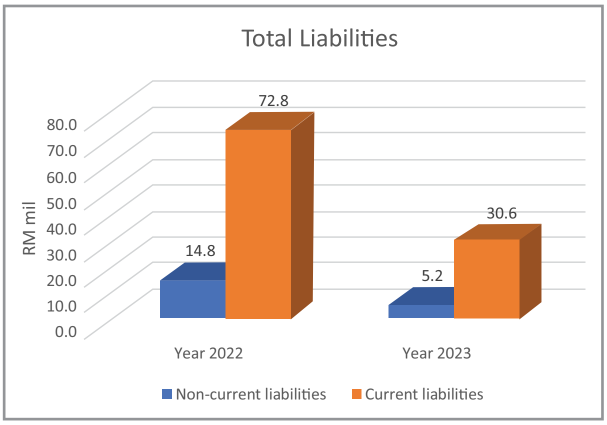
For FYE2023, this division recorded a Loss after Tax of RM31.3 million. As a result of the significant reduction in sales, manufacturing activities and exceptional low capacity utilization of its plant and machineries, specifically for the production of COVID-19 RTKs, the Group had prudently recognized the following costs in the current year:
(i) Provision for impairment of property, plant and equipment of RM7.9 million;
(ii) Provision for impairment of inventories written down to NRV of RM8.3 million; and
(iii) Inventories written off of RM1.9 million.

The Management remains hopeful of a positive reversal in the performance of this division as it transitions from mainstream COVID-19 RTK manufacturing to a more concentrated focus on the sales of its existing medical devices for the detection of other infectious diseases such as lymphatic filariasis, HIV, typhoid, malaria and dengue.

Strategic Capital Allocation Key to Maximising Returns

Assets and Liabilities

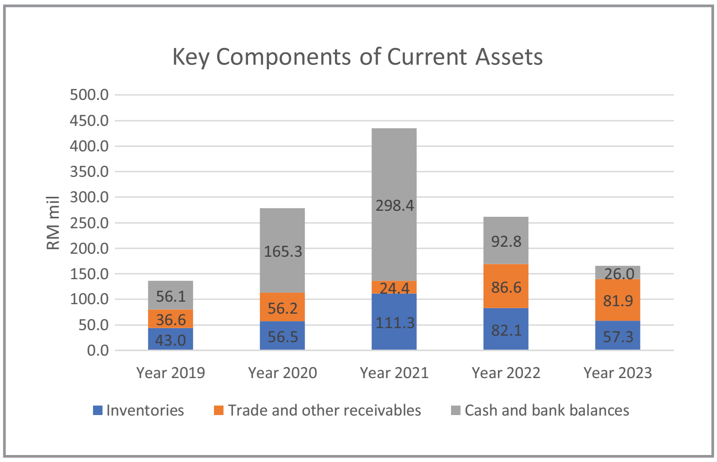




The consolidated assets of the Group as of the end of FYE2023 stood at RM578.3 million, of which 68.1% or RM393.8 million were deemed non-current, compared to 59.9% or RM414.6 million out of RM692.1 million as of the previous year. The decrease in total assets by RM113.8 million was mainly contributed by lower values of the Group's property, plant and equipment by RM22.0 million, inventories by RM24.8 million and reduction in cash and bank balances of RM66.7 million year-on-year.

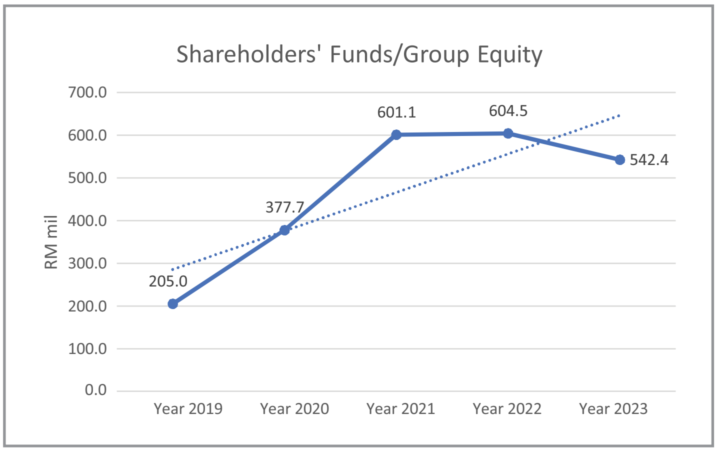
Property, plant and equipment decreased by RM22.0 million as depreciation cost of RM17.2 million was charged out, a provision for impairment of RM7.9 million was recognized and assets of RM3.1 million were disposed or written off, set off against additions of RM6.2 million during the year. The decrease in inventories by RM24.8 million was mainly due to provision for inventories written down to NRV of RM29.6 million, inventories written off of RM2.0 million, set off against changes in inventories in Spain of RM6.4 million.

Correspondingly, total bank balances had depleted by RM66.7 million to close at RM26.0 million by end of FYE2023, from RM92.8 million held previously. Major cash outflows during the year included the balance repayment of the Group's investment in Empire City Mall of RM37.1 million, payment of income taxes of RM9.3 million, acquisition of property, plant and equipment of RM5.4 million, repayment of lease liabilities of RM2.0 million as well as repayment of borrowings of RM1.3 million in FYE2023.



On the other hand, the Group's total liabilities of RM35.9 million as of the close of FYE2023 represented a RM51.7 million or 59.0% decrease from previous year of RM87.6 million. Included in these balances were trade and other payables for direct materials, consumables, utilities, services and property, plant and equipment, advances received as well as borrowings and deferred tax liabilities. The reduction in total liabilities was attributable to the settlement of the Group's investment sum in Empire City Mall of RM37.1 million provided for in previous financial year, reduction in borrowings of RM1.3 million and net reversal of deferred tax liability to profit and loss of RM9.9 million during the year.

The Group's average trade receivable and payment collection periods were 49 days and 45 days respectively, in FYE2023. The Group has also preserved sufficient and adequate liquidity to meet short-term debt obligations as evident from its latest current ratio of 6.0 times. Group borrowings as of 31 December 2023 comprise term loans of RM0.2 million and hire purchase payables of RM1.1 million. Debt remains negligible and manageable where relatively low debt-to-equity as well as gearing ratios of 6.6% and 0.2% respectively were established for FYE2023. Over the years, the Group has maintained very prudent and cautious approaches to debt and capital management in order to sustain shareholders' value. Group Equity as of the close FYE2023 was RM542.5 million, a reduction of RM62.1 million directly attributable to the losses of RM64.4 million recognized in the financial year just ended, set off against increases in the Group's translation and revaluation reserves.



Anticipated and/or Known Risks

Prevalence of Supply-Demand Imbalance

The glove industry in Malaysia has not had a respite from weak demand and declining ASPs post pandemic, since the emergence of other glove powerhouses set on conquering market share and proving dominance. Triggered by the pandemic, the excessive supply of gloves in the market has been widespread and inescapable, and has not shown any meaningful signs of abatement since late 2021. The prolonged and enlarged supply of gloves in the market, particularly disposable gloves, has proven that it is still very much a buyer's market and the current competitive ASPs have made it very challenging for Malaysian glove manufacturers to emulate, largely due to higher energy and labour costs in the local context.

Until and unless a supply-demand equilibrium is reached, glove ASPs are not expected to revert to gross profitability levels of that pre-pandemic; the Management foresees the unfavourable weak demand condition to persist well into year 2024 as well. In response to the conundrum and in order to remain relevant in the market, the Group has actively channeled its resources to produce and market several niche products such as those of heavier weights, lengths and applications that would typically command higher profit margins. Having been in this business for more than thirty years, Hexcare is uniquely well-positioned in that it already has an established customer base and a strong sales and marketing team that possesses extensive in-depth knowledge of the industry, allowing the Group to thrive and capture new opportunities as and when the market evolves.

As for the Group's medical devices division, reliance on a single product i.e. RTKs for the detection of a specific disease such as COVID-19, would be perilous since rapid advancements in the healthcare industry, coupled with the relative ease of assembling such devices have caused ASPs to tumble amidst a market saturated with similar producers or traders of COVID-19 test kits. Correspondingly, with the mass global population duly vaccinated and the abolishment of mandatory self-testing, the demand for such test kits have also waned. At Hexcare, reliance is not placed on any single product or customer, and the Group has in its arsenal the capability, technical expertise and experience in producing and marketing a wide selective range of medical devices for the detection of other infectious diseases and drug-of-abuse screenings as well. Hexcare's range of medical devices are also registered and licensed with the Medical Device Authority, an agency within the Ministry of Health, Malaysia, accentuating the Group's responsibility and long-term commitment to the business.

Unpredictability of Commodity Prices

A key component in the production of nitrile disposable gloves is natural gas, the cost of which has escalated by 12.0%, from an average of RM44.13/GJ in the previous year to RM49.43/GJ in FYE2023, giving rise to inflationary pressures and ripple effects along the whole supply chain, from increases in energy costs to materials, labour and transportation. High demand for crude oil, the natural resource used in the production of gasoline and fuel oil, coupled with low output of gas from oil producing countries have contributed to the increased gas tariffs in Malaysia, made worst by the ongoing Russia-Ukraine conflict which affected global gas supply.

The cost of natural or raw latex, used in the production of household gloves, was also prone to price fluctuations, being a traded agricultural commodity that is subject to market and sensitivity risks. In the current year, prices of raw latex, tracked to the fragile economic recovery of most latex producing countries of Asia, were range-bound at between RM4.70/kg wet to RM5.50/kg wet and settled on an average of RM5.04/kg wet, a 12.2% decrease from the previous year of RM5.74/kg wet. Prices of synthetic latex, specifically nitrile butadiene rubber (NBR), which was applied in the production of industrial as well as disposable gloves, likewise, slumped on lower demand and consumption by glove manufacturers in Malaysia, by as much as 27.7% and 24.2% respectively year-on-year.

Risks of major fluctuations and uncertainties in the pricing of raw materials affect production planning, costing and eventual product pricing. In order to mitigate the impact of these risks, the Group continues to closely monitor the costs of raw materials, hedges its orders and deliveries, and applies price-adjustment mechanisms to counter price fluctuation risks where necessary, while remaining competitive in the market.

Human Resource and Management

Risks in Human Resource (HR) Management pertain to the supply and quality of labour, turnover and retention of staff, employment of foreigners and compliance to current labour laws and regulations. With the new Employment Act (Amendment) 2022 enforced since from 01 January 2023, the maximum number of weekly working hours have also been reduced from 48 to 45 hours, in line with International Labour Organisation (ILO) conventions to safeguard the welfare of workers. Other new regulations include longer maternity leaves, paid paternity leaves and flexible working arrangement options for employees. In addition, the recruitment of foreign workers is incessantly fraught with challenges in terms of social compliances and audits. It is inevitable that companies incur high costs in the hire and retention of its workforce.

In order to ensure business continuity and improve long-term production efficiency, the Group applies new technologies and automation wherever possible to combat the need or reliance on manual labour and minimize human-induced errors. One such investment during the year was an upgrade of the Group's glove packing operation where automation was directed to improve the glove pairing and packing processes, which effectively halved the headcount from four to two in that particular section, a savings of 50.0%.

Foreign Currency Exchange Risks

Given that the Group is predominated export-oriented, proceeds from trade receivables are mostly denominated in foreign currencies, specifically the United States Dollar ("USD") and Euro ("EUR"), and to a lesser extent, the Sterling Pound (GBP), Chinese Yuan (CNY) and Swiss Francs ("CHF") as well. As such, the Group is exposed to foreign exchange rate fluctuation risks, which could impact on the Group's earnings, depending on the strength or weakness of the Ringgit against these currencies.

To mitigate the risks associated with these foreign currency exchange fluctuations, the Group hedges a portion of its trade receivables (and/or trade payables as the case may be) to safeguard against any potential detrimental effects to the Group's earnings. As of 31 December 2023, the Group has hedged USD651,000, EUR280,000 and CHF50,000 for short term net proceeds receivable in January 2024.

In addition to hedging, the Group also manages foreign currency exchange risks by maintaining a mixed currency portfolio in order to minimize currency concentration risks and utilizing other financial instruments such as currency swaps, if necessary, in order to mitigate foreign exchange risks. In any case, the Group does not engage in baseless speculative stakes with regards to foreign currency exchanges in any of its business transactions.

Business Diversification Risks

In the last several financial years, Hexcare has ventured and diversified from the glove industry into Property Investments and Healthcare. These planned business diversification decisions were evidently fraught with inherent risks and challenges characteristic of such ventures, more so since the Group had no prior management experience in both of these new businesses. Besides the typical commercial, economic and regulatory risks associated with such undertakings, the Group has had to take more proactive risk management approaches with regards to future-proofing the businesses.

At Hexcare, intensive due diligence and comprehensive risk assessments are usually carried out prior to any major investment decisions and any new business proposals are deliberated and collectively approved by the Board of Directors before they are executed and/or implemented. Where necessary, the Group also engages the services of professional advisors and independent consultants to guide and recommend best practices in order to protect the interests and investments of the Group.

Compliances to Environmental, Social and Governance ("ESG") Requirements

Hexcare's ESG framework essentially outlines a series of policies, guidelines and standards that the Group adheres to in its daily business operations, some of which are also regulatory mandated by authorities. Examples in this regard include compliances to laws and regulations pertaining to the treatment of environmental wastes, workers' health and safety and corporate governance. The consequences and risks of non-compliances are usually hefty and failures to address these issues could lead to lawsuits, fines and loss of company reputation. In any case, during the year, there were no instances of non-compliance to relevant laws and regulations that resulted in any fines, reprimands or penalties imposed by any regulatory authorities, both in Malaysia and overseas.

Besides the crucial mandatory and ESG compliances, the Group also attends to other unregulated ESG considerations such as matters relating to recycling, supplier assessments, customer satisfaction, workplace diversity, training and development as well as community support. In addition to risks, opportunities also abound where effective, transparent monitoring and reporting of these activities ultimately reflect on sound management, lending the Group greater credibility and standing with financiers and other stakeholders, thus securing the sustainability and repute of Hexcare.

Prospects and Outlook

As the world eases out from a pandemic, the resumption of economic activities would have been signs of a robust recovery if not for certain geopolitical tensions, inflationary risks and a global population wary of another serious outbreak. For the glove industry, compounded from these were the contention of intense competition and unfavourable supply-demand dynamics that threatened Malaysia's position as a key rubber glove producing nation. According to the Malaysian Rubber Glove Manufacturers Association (MARGMA), overcapacity still persists, however, demand for gloves is projected to rise by 30% in 2024 to 390 billion pieces and resume its organic growth of 15% thereafter *(Source:https://www.nst.com.my/business/corporate/2024/03/1022401/bumpy-ride-malaysian-glovemakers)*. Hexcare is cautiously navigating the course of recovery by focusing on driving efficiencies, exploring new market segments, scaling up automation while taking active steps to neutralize carbon footprints in the quest to ensure business sustainability.

Meanwhile, at Reszon, the Hexcare's medical device division, growth and innovation would primarily be driven by renewed demand for diagnostics tools alongside existing health protocols and improved healthcare access. In Malaysia, the government had tasked the Foreign Workers Medical Examination Monitoring Agency (FOMEMA), an agency within the Ministry of Health, with carrying out mandatory health screenings on all foreign workers in Malaysia to include three new categories of communicable diseases, namely filariasis (roundworm), Hepatitis C and methamphetamine, with effect from January 2024, in order to protect and ensure public health and safety. *(Source:https://www.thestar.com.my/news/nation/2024/02/02/standardise-health-screening-of-migrant-workers)*. By leveraging on the latest advancements in diagnostic technologies, Reszon's RTKs enable healthcare providers to swiftly and accurately identify infections, allow for timely interventions and curb the spread of diseases within communities. Additionally, the convenience, ease of use and portability of these RTKs allow for suitable deployment in various healthcare settings including health clinics, immigration centers and workers' camps. Early detection initiatives and health screening programmes such as these play a crucial role in strengthening Malaysia's healthcare system and Reszon is uniquely positioned for this vital undertaking.

In terms of property investments, the Group's 20% stake in Empire City Mall is also expected to generate positive earnings and returns within the next twelve to eighteen months when the mall becomes fully operational by the second quarter of 2025. This would provide the Group with an alternative source of income and a viable platform for future acquisitions and ventures into property investments. On the whole, Hexcare is geared up and on course to emerge stronger from the challenges of FYE2023.

Dividend policy

Hexcare has not declared or paid any dividends in the last four financial years as it is focused on charting a long-term expansionary growth path for the future. With strong cash reserves, an able Management team and proven business track records, the Group is well geared to undertake strategic investments, notwithstanding organic expansions, that could potentially generate higher returns and value to shareholders in the long run.

SUSTAINABILITY STATEMENT

Introduction

The Board of Directors of Hextar Healthcare Berhad ("Hexcare" or the "Group") and its subsidiary companies is pleased to present its overview of the Group's Sustainability Performance for the period 01 January 2023 to 31 December 2023 ("FYE2023"). This Sustainability Statement covers all of Hexcare's manufacturing subsidiaries in Malaysia over which we have full operational control, including the Group's latest operations in Subang Jaya, Selangor, which was successfully acquired in late 2022. We excluded Rubberex Spain SL in our reporting scope as it is the Group's only overseas marketing arm whose operations do not impact materially on the Group's overall sustainability performance coverage.

This Statement has been developed in accordance to Bursa Malaysia's Listing Requirements, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), FTSE4Good Bursa Malaysia Index, Sustainable Development Goals ("SDGs") and the Global Reporting Initiative ("GRI") Standards. Sustainability practices and continuous improvements are progressively on-going and constantly reviewed as we strive to balance business with the interests of our stakeholders and the community at large. Our Sustainability Statement is currently reviewed and assessed internally, but Hexcare acknowledges the need and importance of having this Statement independently assured, of which we will initiate from FYE2024 onwards. This proactive approach underscores our commitment to transparency and accountability in our sustainability efforts.

At Hexcare, we continue to be guided by the three key sustainability mainstays highlighted in our previous reports: - Economic, Environmental and Social. In response to growing worldwide interests on Environmental, Social and Governance ("ESG") issues impacting the ways businesses are run, we incorporated the "Governance" aspect into our Economic pillar since FYE2022, acknowledging that governance management should be measured alongside business performance rather than independently assessed as a singular distinct pillar. Guided by the internationally recognized United Nations Sustainability Development Goals (UNSDG) and aspirations, we seek to adopt strategic approaches to support and empower communities, encourage social inclusivity and improve the long-term health of the natural environment we live in. At Hexcare, we also address climate change and reinforce our efforts towards decarbonization. In line with Malaysia's goal towards Net Zero Carbon Emission by year 2050, Hexcare is also committing to achieving a carbon neutral position by 2030 and a Net Zero Carbon Emissions target by 2050.

Along our Sustainability journey, Hexcare was heartened and pleased to have been included as a constituent company in the FTSE4Good Bursa Malaysia ("F4GBM") Index and the FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index in December 2022. Our inclusion was also reinforced at Bursa Malaysia's semi-annual reviews in June 2023 and December 2023 as well. The F4GBM Index measures the performance of public-listed companies of the FTSE Bursa Malaysia EMAS Index, against internationally recognized benchmarks for demonstrating sound ESG practices while the F4GBMS tracks the constituents in the F4GBM that are Shariah-compliant, in accordance with the Shariah Advisory Council screening methodology. We are motivated and committed to upholding the Group's strong ESG principles in our quest to achieve greater transparency, economic returns and other intangible benefits that would eventually add to long-term shareholder values.

Hexcare is also proud and honoured to be affiliated with the United Nations Global Compact Network Malaysia and Brunei (UNGCMYB), the official local chapter of a special initiative of the United Nations Secretary-General, the United Nations Global Compact ("UNGC"), which is the largest corporate sustainability initiative in the world. As a corporate member, Hexcare is supported and guided by UNGC's call to align strategies and operations with universal principles on human rights, labour, environment, climate change and anti-corruption, and actions that advance societal goals.

There are 17 overall goals and 169 specific targets in the UNSDG. Businesses and governments are encouraged to collaborate in order to implement measures to support and meet the framework's ambitious goals by 2030. We have identified 9 out of 17 SDGs that are relevant to Hexcare's business strategies and initiatives, and they are:

- UNSDG 3: Good health and well-being
- UNSDG 5: Gender Equality
- UNSDG 6: Clean Water and Sanitization
- UNSDG 7: Affordable and Clean Energy
- UNSDG 8: Decent Work and Economic Growth
- UNSDG 10: Reduced Inequalities
- UNSDG 12: Responsible Consumption and Production
- UNSDG 13: Climate Action
- UNSDG 16: Peace, Justice and Strong Institutions

OUR SUSTAINABILITY GOALS VS. FYE2023 PERFORMANCE AT A GLANCE

Economic

Zero tolerance to bribery or corruption

- **Achieved zero** bribery or corruption cases in FYE2023

Maintain all manufacturing factories certified with ISO 9001 Quality Management System

- We are certified with ISO 9001:2015

Maintain all manufacturing factories certified with ISO 13485 Quality Management System (Medical Devices)

- We are certified with ISO 13485:2016

Environmental

Achieve Net Zero Carbon Emission by 2050

- Ongoing

All manufacturing factories to be ISO 14001 Environmental Management System certified by 2030

- We are certified with ISO14001:2015

Targets to achieve a reduction of 10.0% in global water withdrawal in 2030 with FYE2022 as a baseline

- Ongoing

Reduction of water withdrawal for Year	m^3
2022	Baseline year
2023	0.2

Target to achieve a reduction of 15.0% for our absolute GHG emissions for Scope 1 and Scope 2 in 2025 with FY2022 as a baseline

- Ongoing

Reduction of Co_2e for Year	GHG Emission (Scope 1 & 2) (in %)
2022	Baseline year
2023	7.4

Target to achieve a reduction of 50.0% for our absolute GHG emissions for Scope 2 in 2030 with FY2022 as a baseline

- Ongoing

Reduction of Co_2e for Year	GHG Emission (Scope 2) (in %)
2022	Baseline year
2023	12.5

Social

Achieve 40.0% female global workforce by year 2025

- Ongoing
- 35.4% global workforce are female as of 31 December 2023

Description / Years	FYE2023	FYE2022	FYE2021
Female global workforce	35.4%	38.6%	37.4%

Sustainability Statement
(cont'd)

Achieve 45.0% female leadership in managerial positions (Manager and above) by year 2030

- Achieved in FYE2023
- Achieved 47.4% female leadership in managerial positions as of 31 December 2023

Description / Years	FYE2023	FYE2022
Female global workforce	47.4%	44.0%

Achieve 80.0% local employment in the overall workforce by year 2030

- Ongoing
- 72.7% local employment in the overall workforce as of 31 December 2023

Description / Years	FYE2023	FYE2022	FYE2021
Local employement	72.7%	68.2%	57.2%

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

- **Achieved zero** incidence of discrimination or any violence in FYE2023

All manufacturing factories to be ISO 45001 Occupational Health & Safety Management System certified by 2030

- We are certified with ISO 45001:2018

Reduce and maintain the work-related injuries rate to 0.8 by 2025

- On-going

Description / Years	FYE2023	FYE2022	FYE2021
Work related injuries	15	6	12
Lost time incident rate	2.02*	0.93	1.20

*The lost time incident rate in Hexcare had risen in FYE2023 compared to previous years. Though we cannot completely eliminate incidents, our safety officers are taking proactive and pre-emptive steps to address this matter.

Zero incidence of fatalities

- **Achieved zero** incidence of fatalities in FYE2023

Description / Years	FYE2023	FYE2022	FYE2021
Work related fatalities	Nil	Nil	Nil

Stakeholder Engagement

For any sustainabilty effort to be realised, stakeholder engagement is crucial to effectively assess the impacts that business decisions have on the three sustainability core values highlighted above. At Hexcare, stakeholder engagement begins with identifying the relevant stakeholders, both internal and external to the Group, documenting their roles, prioritizing their impacts and developing the right communication tools to achieve our goals and ensure continuous value creation. These include assessing financial impacts, market trends, anticipating challenges and fine-tuning our sustainability strategies to align with the broader interests of the economy, society and the environment. The following table summarises our key stakeholders, engagement platforms and main areas of concern, for our FYE2023 assessment:

Key Stakeholders	Engagement Platforms	Key Areas of Concern
Employees	• Memorandums • Meetings with management • Performance appraisal reviews • Employee engagement activities • Workshops and training programs	• Health and safety • Welfare and benefits • Training and career development opportunities • Human rights and fair labour practices
Customers	• Meetings and site visits • Customer audits • International tradeshows • Customer satisfaction surveys • Phone calls and email communications	• Supply chain management • Product quality and safety • Customer satisfaction • Competitive pricing and on-time delivery
Shareholders/Investors	• Corporate website • Annual general meetings • Annual and quarterly reports • Announcements on Bursa Securities • Press releases • Conferences and analyst briefings	• Financial performance • Business and segmental updates • Capital market integrity • Ethics and integrity • Compliance with regulations • Sustainable achievements • Business growth plans
Suppliers	• Meetings and site visits • Supplier assessments • Phone calls and email communications	• Business ethics • Pricing and supplies • Product quality and safety • Supply chain management
Government/Regulators	• Meetings and site visits • Government website • Regulatory audit/inspection • Participating in seminars/workshops/ briefing sessions organize by regulatory authorities	• Labour rights • Safety compliance • Environmental compliance • Regulatory compliance • Permits and licenses
Local Communities	• Corporate social responsibility (CSR) programmes • Corporate website	• Pollution management • Employment opportunities

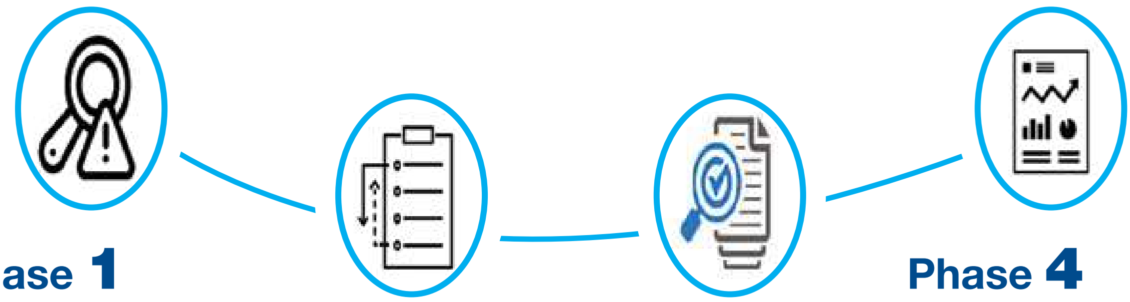
Materiality Assessment and Matrix

The Board of Directors of Hexcare, together with Management, takes responsibility for the governance of ESG or sustainability within the Group, including the setting of strategies, targets and allocation of resources. We conduct yearly reviews of our material sustainability matters for applicability and prioritize them according to their importance for business as well as to our stakeholders. Material assessment serves as one of our important steps in developing our corporate sustainability strategies by identifying and highlighting the material sustainability matters that are most relevant to our stakeholders and business operations.

Materiality Assessment Process

The materiality assessment process starts from our internal ESG Committee, which comprises key Management staff and divisional or departmental Heads, who meet at least once monthly, to assess and review ESG matters that are pertinent and relevant to Hexcare. Our ESG Executive/Manager is responsible for organizing these meetings, collating data, monitoring and presenting key findings for the Committee's review and assessment. The process typically involves interactive participation from the members as ESG matters are deliberated and assessed on the basis of their importance or impact to the stakeholders of Hexcare. Periodically, key ESG matters are also communicated and updated on the Company's website. Annually, the results are then condensed, summarized in graphical form and published in Hexcare's Annual Report.

Materiality Assessment Process



Phase 1

Identification of relevant ESG topics

Hexcare identifies the relevant ESG topics by referring to various internal and external sources of information. This process involves assessing not only the company and Group, but also referencing the Bursa Malaysia Sustainability Reporting Guide (3rd Edition), Malaysian Code on Corporate Governance (MCCG) and adhering to the Global Reporting Initiative (GRI) Standard.

Phase 2

Prioritisation of ESG topics

Hexcare identifies and prioritizes pertinent ESG topics by evaluating their significance to Hexcare's business operations and their importance to key internal and external stakeholders.

Phase 3

Validation of ESG topics

The Board of Directors and Management of Hexcare reviews the results of the material assessment, and endorses them along with associated targets, management progress, and performance. The Group conducts an annual review of the materiality assessment to incorporate any latest developments and changes. The outcomes of the prioritisation exercise were graphically represented on a materiality matrix.

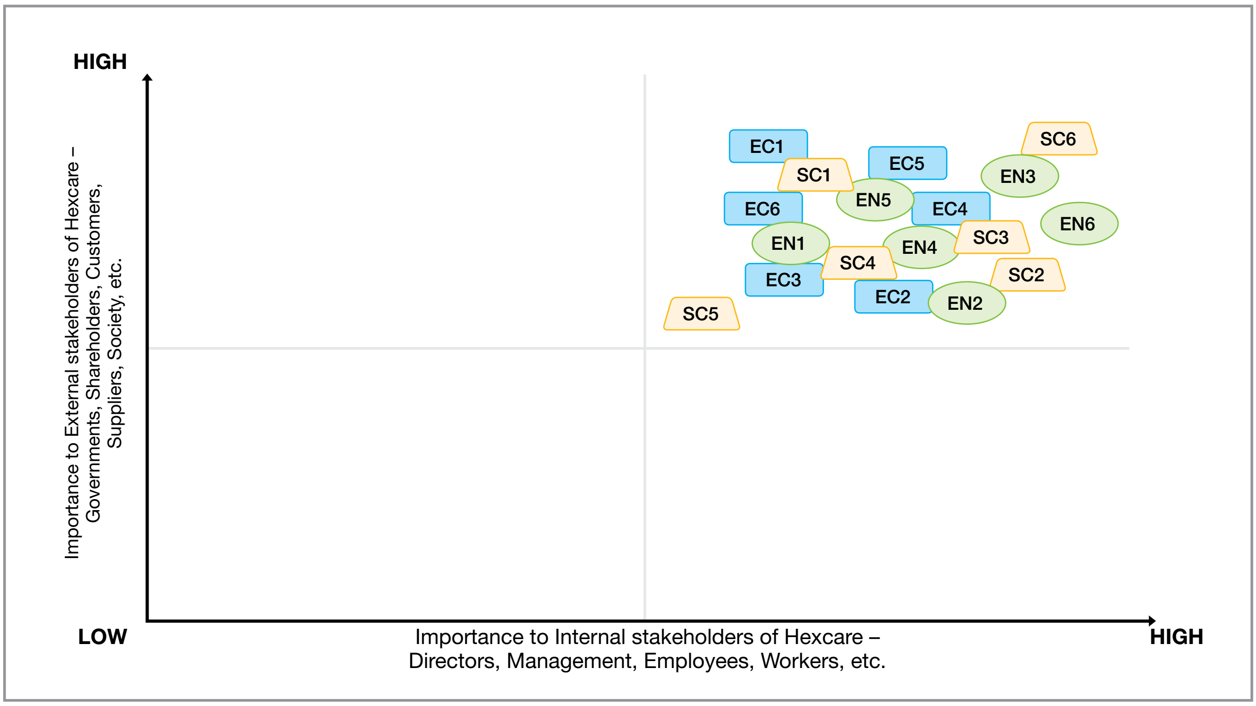
Phase 4

Reporting of ESG topics

The materiality matrix and ESG topics are presented to our stakeholders in the Sustainability Statement section of our Annual Report.

Materiality Matrix

Following the Materiality Assessment Process, the findings are summarized and presented diagrammatically, ranked from low to high in terms of their impact to both Hexcare's internal and external stakeholders. This assessment had been carried out with particular emphasis on our Malaysia operations where the Group's main factories, resources and key personnel are based.



Economic	Environmental	Social
EC1 Strong shareholder support	EN1 Accreditation and compliance	SC1 Remuneration and rewards
EC2 Solid balance sheet	EN2 Efficient use of resources	SC2 Health, safety and wellbeing
EC3 Product quality	EN3 Pollution and emission control	SC3 Workplace diversity and equal opportunities
EC4 Customers' satisfaction	EN4 Commitment to the future	SC4 Training and development
EC5 Compliance to Business Social Compliance Initiatives (BSCI) guidelines	EN5 Scheduled waste management	SC5 Giving back to society
EC6 Corporate governance and risk management	EN6 Emissions management	SC6 Human rights

Understandably, and as with previous years, our assessment has resulted in the above issues or markers pooled at the top right-hand corner in the grid, emphasizing the high importance of these sustainability measures to the Group. The markers highlighted above are further explained in detail below:

Economic Sustainability

The core of Hexcare's business operations is to generate profits and create sustainable values for our shareholders. That said, the Group had just emerged from its second consecutive year of financial losses, which had also widened from RM55.7 million previously to RM64.4 million in FYE2023. The market for our products has relentlessly been plagued by over-supply, soft demand and unfavourable average selling prices ("ASP") throughout the year. Nevertheless, the crux of Hexcare's sustainability lies in our well-established customer base and strong marketing platform, having been in the business for well over thirty years and drawing on our decades-long experience in weathering various economic storms and downcycles over the years. We believe that the demand-supply imbalance would eventually normalize over the next twelve to eighteen months as excess capacities are absorbed and demand for healthcare products prevails over heightened safety standards.

(i) EC1: Strong shareholder support

The Company's deliberate name change to Hextar Healthcare Berhad in 2022 was a natural and logical progression for the Group, undertaken to better reflect our core business and cement our commitment to the broader healthcare sector. Hexcare's new identity, under the larger Hextar Group of Companies' umbrella, has the full backing and support of our largest shareholder, Dato' Ong Choo Meng. Under Dato' Ong's stewardship, he ushered in a unique blend of corporate culture to Hexcare, and also seamlessly integrated his management team into the Group, merging a wealth of knowledge, experience and expertise from various professional fields with Hexcare's talents for greater synergistic values, as we capitalize on our mutual strengths to chronicle new growth and secure the long-term sustainability of the Group.

Hexcare's other notable investment in medical test kit maker, Reszon Diagnostics International Sdn Bhd ("Reszon"), in 2022 was also a conscious business decision undertaken in the best interest of the Group. This operational division is headed by the pioneer and founder of Reszon, Mr. Law Eng Lim, who brought with him a capable team of experienced, professional managers and invaluable technical knowledge. Reszon develops and manufactures a strong portfolio of innovative in-vitro diagnostics (IVD) rapid test tests and enzyme-linked immunosorbent assay (ELISA) kits for medical professionals and clinical diagnostic markets worldwide. To this day, Mr. Law remains the Company's only other substantial shareholder.

Expanding the Group's product offerings opens up limitless growth opportunities in terms of markets, applications, networks and customers. Hexcare's inaugural venture into property investment, via a 20.0% equity stake in the flagship Empire City Mall, also indicates a similar commitment to provide an alternative income stream with the potential to generate higher returns and value to shareholders in the long term. Without the support and backing of our shareholders, these acquisitions would not have materialized into fruition.

(ii) EC2: Solid Balance Sheet

The Group's Total Equity or net tangible assets as of the end of financial year 2023 was RM542.4 million, after having taken into account the net loss of RM64.4 million recorded in the current year. Hexcare's paid-up ordinary shares, net of treasury shares held, stood at more than 1.0 billion shares in circulation, giving the Group a net asset (NA) per share of RM0.54. Based on the Company's last publicly traded share price of RM0.29 at the close of the year, this represented an upside of RM0.25 or an 86.7% premium for each share held, indicating high potentials for returns and values to shareholders.

It is worth noting that the Group's earlier investments in both Empire City Mall and Reszon were financed by internal cash reserves. With negligible borrowings in its books, the Group is also in a positive net cash position, an indicator of strong financial health with more than adequate liquidity and ample resources to finance any future viable investments plans.

(iii) EC3, EC4, EC5: Meeting high quality standards and ensuring customers' satisfaction

Certifications and accreditations accord the Group due recognition of the high standards, reliability and quality of the products, services or systems it holds. They are a mark of commitment and accountability of the Group towards its customers, business partners, public and shareholders with respect to best practices, enduring excellence and reputation.

For the current year, we maintain that Hexcare's operations are duly certified with the following accreditations for the manufacture of gloves and in-vitro diagnostics medical devices:
- ISO 9001:2015 Quality Management Systems; and
- EN ISO 13485:2016 Quality Management Systems (Medical Devices).

In addition, Hexcare also holds the following key valid certifications relevant to the manufacturing, sales and distribution of the Group's products:
- Registered with Medical Device Authority of Malaysia under section 5(1) of Medical Device Act 2012 (Act 737) for nitrile examination gloves intended for medical and dental use;
- EC Type Examination Inspection Certificate issued by Asociacion de Investigacion de la Industria Textil (Spain), Notified Body no. 0161 for the application of Regulation (EU) 2016/425 of the European Parliament and of the Council of 9th March 2016, in which the essential health and safety requirements that Personal Protective Equipment (PPE) must comply with;
- Registered with the U.S. Food and Drug Administration pursuant to Title 21, 807 et seq. of the United States Code of Federal Regulation; and
- Compliance to SEDEX Members Ethical Trade Audit (SMETA) methodology conducted by the Supplier Ethical Data Exchange (SEDEX) organization for the monitoring of ethical business practices in global supply chains, against key audit pillars of Labour Standards, Health and Safety, Business Ethics and the Environmental (SMETA 4-Pillar Social Compliance).

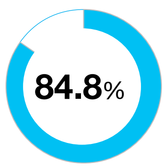
Just as it is essential to maintain and hold the above key certifications, the Group also performs regular assessments and validations to ensure that its warranties are substantiated, most notably on its suppliers and customers, yearly:

(a) Supplier assessments

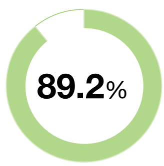
These assessments were carried out on our suppliers of raw materials, packaging materials, parts and services, both formally and informally, to evaluate if these suppliers have met expectations with regards to quality and accuracy of materials ordered, customer services, pricing and lead times. The Group also adopts a fair and impartial approach in its purchasing activities by ensuring competitive prices for its materials and parts; for certain major capital expenditure, we occasionally practice open tenders and awards the purchases or contracts to the lowest bidder.

In FYE2023, the evaluation of suppliers for our Malaysia operations have consistently achieved Grade A, with performances rated in the range of 71.0% to 99.9%, underscoring the quality and positive attributes of such providers and business partners in order to justify engaging their services with the Group:

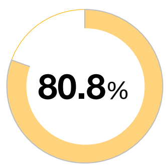
	Average Rating
Suppliers of raw materials	84.8%
Suppliers of packaging materials	89.2%
Other suppliers	80.8%



Suppliers of raw materials



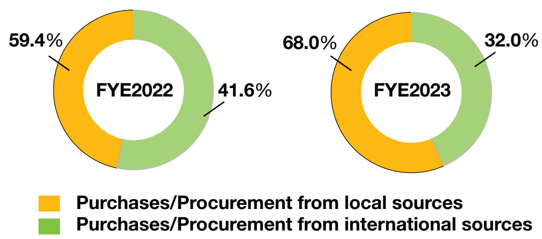
Suppliers of packaging materials



Other suppliers

In our quest to support local and reduce reliance on imports, the Group consciously sources for its materials and supplies from within Malaysia. In FYE2023, the ratio of the Group's local procurement against international spending stood at 68:32, a notable increase from 59:41 in the previous year, showcasing our dedication to bolstering the local economy and fostering sustainable business practices through the creation of jobs and infrastructures locally. It is also worth noting that our emphasis on local procurement naturally implies lower transportation costs, highlighting the Group's efforts in further reducing our emissions and carbon footprint as well:

	FYE2023	FYE202
Purchases/Procurement from local sources	68.0%	59.4%
Purchases/ Procurement from international sources	32.0%	41.6%



In our quest to improve on the supply chain management process, in FYE2023 we also sought to broaden our engagement with suppliers via a questionnaire designed to gauge their current levels of sustainability practices and applications. We recognize the significance of this endeavor in not only enhancing our understanding of our suppliers' ESG practices but also in aligning our operations with the highest standards of sustainability and responsibility. In the process, we acknowledged that formalized ESG practices are still emerging in many of our supplier companies, who may still be at the infancy or early stages of adopting ESG principles within their organizations. Of the 288 number of questionnaires dispatched, we obtained 95 replies, a response rate of 33.0%. Despite this initial challenge, Hexcare remains resolute in our commitment to ensuring comprehensive data collection for our ESG assessment and are dedicated to reaching out to the remaining suppliers, fostering open communication channels, and encouraging participation in the survey process.

Since the establishment of our Anti-Bribery and Corruption Policy, versions in English and Malay published on the Company's website, Hexcare has taken the initiative to explicitly inform our suppliers and business partners of the Group's zero-tolerance stance on corruption and bribery via official notifications; responses were tracked and acknowledgements followed-up. Hexcare is committed to complying with the Malaysian Anti-Corruption Commission Act 2009 and its 2018 Amendment (MACCA) that prohibit bribery and corruption and has taken active steps to ensure that our suppliers are equally committed to this stance in their business dealings with the Group as well. In FY2023, there were zero incidents of bribery or corruption reported.

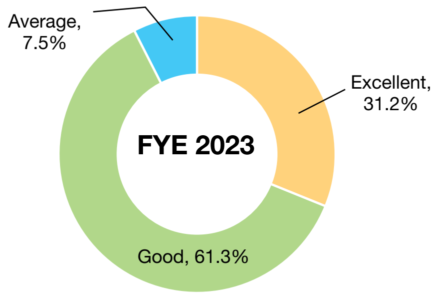
Hexcare also has in place a Whistleblowing Policy that further allows employees of the Group and other stakeholders to report and disclose any improper conduct or wrongdoing, in strict confidence and without fear of retaliation, provided the reporting is done in good faith and on reasonable grounds. This policy is made available in both English and Malay versions, on the company's website. In FYE2023, the Group did not receive nor handled any whistleblower's report.

(b) Customers' surveillance and social audits

At the core of any company's success is the custody and satisfaction of its customers that are undeniably the drivers of revenue and business sustainability. At Hexcare, we assess customers' satisfaction levels on an annual basis, via formal surveys and questionnaires, in order to understand their expectations, identify areas of under-performance and maintain rapport.

The results of such surveys in FYE2023 indicated that 92.5% of our customers have rated the Group as "good" or "excellent" in terms of product quality, service and business support:

No. of customers surveyed	116
No. of replies received	80
Response rate	69.0%
Results:	
Rating: Excellent	31.2%
Rating: Good	61.3%
Rating: Average	7.5%



Besides formal surveys, Hexcare also regularly receives and hosts overseas customers or buyers, both existing and new prospects, who pay official calls to the plants for quality reviews and assessments. Through these visits, our Sales and Marketing teams garner valuable feedback on product requirements, market trends, product application, process improvements, shipments and deliveries. Customers' complaints, if any, are also addressed promptly via formal channels of communication and feedback.

Occasionally, customers also conduct and attend to their own surveillance audits or social audits in order to conclude to their satisfaction that Hexcare and its group of companies do not violate internationally recognized workplace standards and codes of conduct. Guided by the Business Social Compliance Initiative (BSCI) supply chain management system, social audits play a crucial role in safeguarding the continuity of the Group's operations. These audits served to ensure that processes and workers that form part of our products' supply chain were accorded fair equitable working conditions in accordance with international labour laws governing the rights and duties of employees, employers, trade unions and governments. In FYE2023, a total of seven such social audits carried out on-site by customers and/or third-party appointed independent auditors and the results have indicated that no issues of deviation or non-compliance were detected.

More significantly, the Group was graded and has passed its annual stringent and rigorous Supplier Ethical Data Exchange's (SEDEX) Members Ethical Trade Audit (SMETA) for the monitoring of ethical business practices in global supply chains and was satisfactorily accorded compliance to their key audit pillars of Labour Standards, Health and Safety, Business Ethics and the Environmental. With that, Hexcare is an endorsed SMETA 4-Pillar Social Compliant Factory.

(iv) EC6: Corporate Governance and Risk Management

Corporate governance is effectively a system that aims to inculcate accountability through the installation of policies, rules and frameworks that help maintain the cohesiveness of an organization. A strong and effective corporate governance fosters a culture of integrity and responsibility where the interests of all stakeholders are aligned with economic success; it is vital in building trusts, promoting financial viability and ultimately securing the long-term sustainability of any organization.

(a) Effective Board of Directors

In leading corporate governance, the Board of Directors ("Board") of Hexcare is tasked with this pivotal role of directing the principles of transparency, fairness, ethical behavior and risk management in the Company and within the Group. On 01 January 2023, Hexcare appointed two new female members to the Board and Executive Committees of the Company; this represented a gender diversity ratio of 33.3% by the end of FYE2023. Hexcare's corporate governance practices and applications have been detailed in our Corporate Governance Report uploaded on Bursa Securities and also in our Corporate Governance Overview Statement published in this Annual Report. The Board and Management of Hexcare are likewise guided by the principles and values of the latest Malaysian Code on Corporate Governance (MCCG) 2021 in the conduct of our businesses.

Number of directors by gender and age group				
Year / Gender	2023		2022	
	Count	%	Count	%
Male	4	66.7%	5	100.0%
Female	2	33.3%	–	–
Total	**6**	**100.0%**	**5**	**100.0%**
Year / Age Group	2023		2022	
	Count	%	Count	%
18-30 years	–	–	–	–
31-45 years	–	–	1	20.0%
46-60 years	2	33.3%	2	40.0%
Above 60 years	4	66.7%	2	40.0%
Total	**6**	**100.0%**	**5**	**100.0%**

As we strive to uphold good governance practices and in advancing towards our sustainability goals, the employees and operations at Hexcare are also governed by these vital policies endorsed by the Board and adopted across the Group: -

- Sustainability Policy;
- Labour Rights Policy;
- Whistleblowing Policy;
- Code of Conduct and Ethics;
- Zero Recruitment Fees Policy;
- Risk Management Framework;
- Personal Data Protection Policy;
- Anti-Corruption and Bribery Policy; and
- Policies on Workplace Discrimination and Workplace Harassments.

Other than the Risk Management Framework, these policies are published on the Company's website and are available in both English and Malay, for the accessibility and convenience of our employees. We are pleased to report that there were no incidences of disciplinary actions or dismissals of employees due to any violations of the above practices in FYE2023.

(b) Data Protection and Cybersecurity

The practice that safeguards our electronic information and data from loss, theft and misuse is all the more critical today with the advancements in information technology and proliferation of e-commerce at unprecedented rates. Data protection also entails the assurance that information such as customers' names, addresses, bank details, suppliers' information and employees' personal details kept at our systems and servers are protected from unauthorised access, manipulation or corruption. The consequences of data and security breaches could have far-reaching effects on a company's trust and reputation.

At Hexcare, our Personal Data Protection Policy has been developed to primarily inform stakeholders that our data collection process is lawful, transparent and safe. It governs how we employ strict technical and organisational measures to protect personal data including user or physical access controls to hardware and software devices, data back-up (on-site and off-site), secure destruction or deletion of data as well as employee training on the care and handling of data. As a general rule, data collected and processed by Hexcare will not be kept longer than is necessary for the intended purpose(s), including financial and accounting records which are usually retained for a period of at least seven years.

Our information technology and related systems have also been reviewed and audited by our internal auditors in the current year, who provided adequate assurance that the present system of information controls at Hexcare is sufficient and satisfactory. In FYE2023, we are pleased to report that there were zero incidents concerning data breaches or data loss reported in the Group.

Environmental Sustainability

Environmental sustainability covers all efforts taken to maintain an ecological balance in our planet's natural environment including conservation of natural resources to support the wellbeing of current and future generations. Businesses are increasingly affected by major environmental issues such as climate change, pollution, greenhouse gas emissions and water scarcity and sustainability challenges need to be addressed to protect our precious Earth.

(i) EN1: Accreditation and regulatory compliance

Hexcare is certified by SIRIM QAS International Sdn Bhd, a local accredited certification, inspection and testing services provider, and diligently upholds its ISO 14001:2015 compliance to the highest international environmental standards, both in its manufacturing processes and factory management.

(ii) EN2: Efficient use of energy and resources

Hexcare is committed to ensuring sustainable energy practices within the Group, recognizing the importance of conscientious and efficient electrical energy usage. While we pursue ongoing enhancements in this regard, Hexcare adheres to the Efficient Management of Electrical Energy Regulation 2008 (EMEER 2008) issued by the Energy Commission of Malaysia (Suruhanjaya Tenaga Malaysia, "STM"). Further, Hexcare has also engaged Inventive Energy Asia Sdn Bhd, a licensed Energy Service Company (ESCO) certified Registered Electrical Energy Manager (REEM) with STM, to assess and submit bi-annual energy efficiency reports to STM, in our quest to monitor and ensure continuous progress in the Group's energy efficiency efforts.

In collaboration with STM, some of the Group's Efficient Electrical Energy Management (EEEM) projects carried out in FYE2023 included the replacement and installation of several mercury high bay lights that used to operate continuously, with energy-efficient timer-controlled light-emitting diode (LED) high bay lights at our production plant and warehouses, at the cost of RM440. These measures are expected to result in a reduction of 14,500 kWh, or quantified to approximately RM4,000 in electricity energy savings for the Group in a year. In 2021, Hexcare commissioned the installation of a solar photovoltaic power generation system at its plant, at an approximate cost of RM5.0 million, with the intent of harnessing the power of the sun to produce a form of renewable energy that is clean and environmentally friendly. This investment is beneficial to the Group as a hedge against electricity tariff hikes and is a practical viable approach to conserving and managing energy charges.

The electricity yield from our solar panels in FYE2023 was 1,958 MWh, of which 1,565 MWh was utilized at our plants and 393 MWh subsequently exported back to the national electricity grid, Tenaga National Berhad ("TNB"). Based on this preliminary data, the cost savings generated from solar energy for year 2023 amounted to approximately RM455,000. Since commencement in FYE2022, we have effectively reduced a total of 1,693 metric ton (MT) of carbon dioxide (CO2) emission with the installation of the solar system.

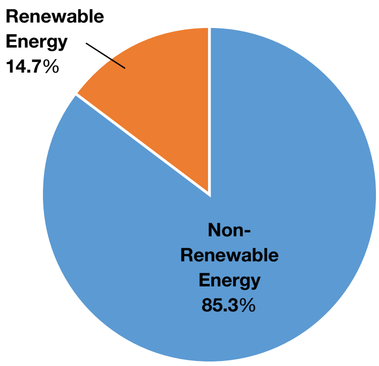
Solar Panels	FYE2023	FYE2022
Electricity yield (MWh)	1,958	212
Electricity utilized (MWh)	1,565	78
Electricity exported back to TNB (MWh)	393	135
Reduction in MT Co_2e	1,527	166

In FYE2023, the Group also accomplished notable milestones in our ongoing commitment to environmental sustainability and energy efficiency with reductions recorded in in total electricity and diesel usage by 6.8% and 54.8% respectively. The savings in electricity consumption was primarily driven by our intentional shift to solar energy which was a move towards a more sustainable and clean energy source, in line with our objective to minimize carbon emissions. Following lower production intensities, the reduction in electricity, diesel and petrol consumption were also attributable to the decrease in production demand, which correspondingly led to diminished energy needs.

While the consumption of natural gas had risen by 88.3% in FYE2023, this change came about from the Group's deliberate decision to reduce the usage of woodchips and palm kernel shells (PKS) in favour of natural gas, a choice that supports our commitment to an alternative environmentally-friendly energy source. These shifts undoubtably underscore Hexcare's commitment to not only optimizing energy consumption patterns but also in ensuring that our choices support the Group's broader environmental and sustainability goals.

	FYE2023 (MWh)	FYE2022 (MWh)
Diesel	243	539
Natural gas	82,022	43,548
Electricity (from TNB)	19,430	20,855
Electricity (from solar panels)	1,565	78
Woodchips and PKS	15,927	32,227
Total energy consumption	**119,187**	**97,247**

Solar panels installed at Hexcare's glove production plants in Ipoh, Malaysia



Note:
1. Non-renewable energy: Diesel, electricity from TNB and natural gas usage from mobile and stationary equipment
2. Renewable energy: Energy consumption from renewable sources generated from solar panels, woodchips and PKS

Guided by UNSDG 12: Responsible Consumption and Production, at Hexcare, we are also committed to the sustainable use and consumption of our resources, namely key materials such as natural latex and nitrile (synthetic) latex, used in the manufacture of gloves at our plants. The responsible consumption of materials aims to integrate environmental aspects into purchasing decisions and encourages more sustainable consumption and production patterns through specific measures or management of materials that seek to protect our ecosystems and resources for future generations.

Key Raw Materials	FYE2023 (kg/1,000 pieces of gloves)	FYE2022 (kg/1,000 pieces of gloves)
Natural Latex Consumption Intensity	29.8	29.3
Nitrile Latex Consumption Intensity	6.2	5.7

In FYE2023, the Group's natural latex consumption intensity per thousand pieces of gloves was 29.8 kg whereas for nitrile latex it was 6.2 kg, slight increases from the previous year of 29.3 kg and 5.7 kg respectively. We are keen to embrace responsible and efficient use of these resources through firstly, the elimination of wasteful consumption, and subsequently, adoption of actions that preserve the natural environment by limiting greenhouse gas emissions associated with our gloves production. The Group's willful decision to maintain a higher ratio of natural latex consumption over nitrile latex was also predominantly considered in view of natural latex being more environmentally friendly, made from a renewable resource and crucially, is biodegradable over time, upholding Hexcare sustainability efforts in balancing resources consumption with long-term environmental preservation.

Above all else, in our quest for continuous improvements and innovations in efficient energy consumption, Hexcare has in place an internal Energy Savings Committee, comprising 14 staff and competent personnel from various departments, who meet at least once quarterly to review and promote responsible energy use within the Group, strengthening our long-term commitment towards Net Zero Carbon Emission 2050.

(iii) EN3: Recycle, Reduce and Reuse

The 3Rs mantra for the Environment is all the more relevant today as we confront the challenges of climate change, greenhouse gas emissions and depletion of natural resource. Simply put, correct applications of the 3Rs help to reduce the burden on our environment and saves our previous planet.

(a) Effluent discharges and Water Security

At Hexcare, we acknowledge that water is a very important yet limited resource in our manufacturing plants where this precious commodity is critical to our glove production processes. We are committed to managing and using water in the most cost-effective way that also promotes the long-term sustainability of the environment as well. The Group targets to achieve a reduction of 10.0% in global water withdrawal by 2030 with FYE2022 as a baseline. In FYE2023, this effort is still ongoing, 820,000 cubic meters of water was withdrawn during the year, an increase from 622,000 cubic meters or 31.8% compared to the previous year. Nevertheless, some of the water saving initiatives that we have put in place at the Ipoh site include:

(i) A rain water harvesting system at our Malaysia glove production plants, which when fully optimized, is expected to save approximately 1,000 cubic meters of water withdrawal per year for non-critical usages such as for toilet flushing, general cleaning or gardening purposes; and

(ii) Installed filters in leaching tanks to manage the sludge accumulation, reducing the frequency of water changes and downtime required for cleaning the tanks. Through the implementation of this initiative, we reduced the water change frequency from twice weekly to once weekly, thereby saving approximately 740 cubic meters of water withdrawal in FYE2023.

RUBBEREX (M) SDN BERHAD | RUBBEREX ALLIANCE SDN BHD

Rain water harvesting at Hexcare's glove production plant in Ipoh, Malaysia

Besides pollution and emission controls, the Group's effluent discharges are effectively treated before release to the river systems and reused in the factories. The Group is guided by the Environmental Quality (Industrial Effluent) Regulations 2009 and is in compliance to the design and construction of its industrial effluent treatment systems as well as specifications of industrial effluent treated and/or disposed. The quality of effluent discharges is closely monitored to ensure that processed water is safely treated and pose no threat to the environment before it is released to our drainage and local river systems. In FYE2023, there were no incidences of non-compliances relating to water quality or quantity permits, standards or regulations that resulted in fines, penalties or warnings from the authorities.

In FYE2023, our Malaysian plants treated and released approximately 937,000 cubic meters of water back to the local river systems. Compared to water withdrawn from our national water source of 820,000 cubic meters, the ratio of 1.15 implied a higher volume of treated water released relative to that consumed, a fact that remained consistent from the year before. The Group has set a target to achieve a reduction of 10.0% in global water withdrawal in 2030 with FYE2022 as a baseline.

	Year 2023 mil m^3	Year 2022 mil m^3	Year 2021 mil m^3
Volume of water treated *(Back to local river system)	0.94	0.80	1.07
Volume of water withdrawn **(Withdrawn from local municipal water source)	0.82	0.62	0.84
Ratio (water treated : water withdrawn)	**1.15**	**1.29**	**1.27**
Volume of water withdrawn from a water-stressed region	Nil	Nil	Nil

* Water treated is equivalent to water discharged
** Water withdrawn is equivalent to water consumed

The Group also primarily operates in Malaysia, within Ipoh, Perak and Subang Jaya, Selangor, where, according to the WRI (World Resources Institute), are not water stressed areas (https://www.wri.org/applications/aqueduct.water-risk-atlas). The Group intends to maintain these bases and have no immediate plans to relocate to any known water-stressed regions in Malaysia or overseas within the next five(5) years. Nevertheless, we acknowledge that floods, droughts and other water related risk issues brought on by unpredictable weather patterns and climate change will likely impact on the way businesses are organized and operated in future.

(b) Preservation of Forests and Biodegradability

The world's forests play a vital role in regulating our climate, absorbing carbon dioxide from the atmosphere and effectively counteract global warming. In our quest to tackle the challenges of climate change and protect the destruction of forests and the precious biodiversity in them, the Group consciously sources its wood and paper products such as packaging materials, wooden pallets and stationeries from Forest Stewardship Council (FSC) certified sources and materials. Products that carry the FSC label are made form 100.0% recycled materials or are sourced from FSC-certified forests, essentially helping to reverse the effects of deforestation and preserving our environment.

Hexcare's household and certain industrial gloves produced in Malaysia are largely made from natural rubber – they are recyclable as well as biodegradable in soil where the gloves naturally disintegrate into organic matter over time, causing no harm to the environment or water systems. Where possible, plastic and other synthetic non-biodegradable matters in our shipped goods are also replaced with wood products that are sustainable and renewable.

In another tangible effort to reduce our carbon footprint, where possible, the Group also promoted the packaging of gloves in the doubled-up 200 piece-pack or 2,000 pieces per carton style so as to optimize paper and chemicals usage, contributing to less wastes, lower costs and a kinder environment in the long run.

To promote the culture of Recycle, Reduce and Reuse, staff and workers are also encouraged to deposit recyclable items such as used paper, glass and plastic wares at designated well-marked storage bins located strategically within the factory grounds. Larger, disposed industrial containers and bags containing contaminated wastes and chemicals, such as of the type SW409 are also collected for recycling by a specific licensed contractor for off-site scheduled waste recovery on a regular basis.

(iv) EN4: Our commitment to the future

Hexcare's commitment to the sustainability of the environment goes way back to when its latest nitrile disposable glove phase was first proposed in 2019; the processes in this plant were designed to be powered by natural gas rather than biomass due to it being a cleaner, more viable and environmentally friendly alternative to conventional fuel. Despite having to invest in gas-powered boilers and other facilities, the Group believed that the benefits would far outweigh the costs in the long run.

Moving on, the Group's commitment to the sustainability of the environment had not waned and in FYE2022 we converted our older household and industrial glove production lines that are currently energized by biomass into gas-powered boilers as well. When the consumption of biomass fuels such as woodchips, sawdust and palm kernel shells are eliminated, the switch to cleaner energy is expected to promote the preservation of air and noise quality and reduce greenhouse gas emissions in the environment substantially.

Hexcare is very much conscious of rapidly rising climate change risks, including those that are Physical and Transitional. In response, we proactively identify and manage such risks and opportunities that materially impact our value creation abilities. Driven by our in-house ESG Committee and under the direction of the Board of Hexcare who oversees the overall management of sustainability matters in the Group, including climate change, we acknowledge the following risks and opportunities that are currently present:

- Risks
  - Climate change related disclosures and regulations that would impact on our financial and regulatory reporting; and
  - Reallocation of financing from financial institutions into other green-intensive investments that would affect our business funding.

- Opportunities
  - Management of climate change risks and adoption of greener technology could result in less wastages and contribute to overall cost savings for the Group;
  - Stakeholders' trust and perception could be improved through effective emissions management and disclosures; and
  - Positive differentiation in the market for long-term value creation that would benefit stakeholders.

(v) EN5: Scheduled waste management

Scheduled waste is any waste that has hazardous characteristics and the potential to impact the environment and/or harm the public if exposed. At Hexcare, responsible waste and pollution management entail the proper and correct disposal of wastes or unwanted by-products in accordance with the Department of Environment ("DOE") Scheduled Wastes Regulations 2005 (Environmental Quality Act 1974). To ensure proper scheduled waste management, all hazardous wastes at our plants are stored at designated areas, properly labelled and declared in DOE's Electronic Scheduled Waste Information System (eSWIS) before disposal. All scheduled wastes are disposed through licensed schedule waste contractors within 180 days from generation.

The types of hazardous wastes generated by our plants include latex sludge, clinical waste, waste acetone, contaminated containers and other solid wastes. In FYE2023, 698.1 MT of scheduled waste was generated as by-products of the Group's glove operations, of which latex sludge and compounded latex lumps make up the highest proportion:

Code	Scheduled or Hazardous wastes Generated	Total Weight (MT)	Disposal Method
SW109	Fluorescent Bulb	0.5	To reuse, if possible. To dispose to approved disposal facility, if not reusable.
SW305	Waste Oil	2.5	
SW321	Compounded Waste Latex Lump	141.9	
SW322	Waste Acetone	0.1	
SW409	Contaminated Containers	41.3	
SW321	Latex Sludge	510.5	Approved disposal facility / waste management company either landfill or combustion
SW410	Contaminated Rags	1.3	
Total		698.1	

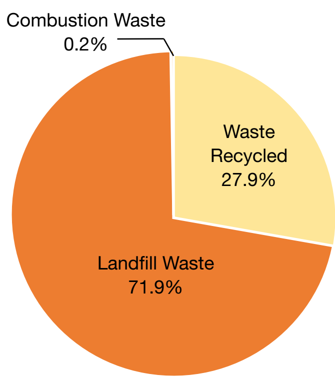
The disposal of such wastes were carried out by competent skilled personnel under the watchful eye of Management to ensure that there is no contamination of ground water, surface water and air quality that could harm the environment or affect human health. In FYE2023, the following such wastes were recorded, managed and disposed appropriately by the Group:

	FYE2023 (MT)	FYE2022 (MT)
Hazardous Waste	698.1	901.6
Non-Hazardous Waste	11.7	N/A
Total Waste Recycled	198.1	365.6
Total Waste Landfill Disposal	510.4	535.7
Total Waste Combustion	1.3	0.3

* Non-hazardous waste consisting of mixed plastic, carton packaging, and damaged pallets

Scheduled waste disposal being carried out at Hexcare's glove production plant in Ipoh, Malaysia

Waste Disposal Method



(vi) EN6: Emissions Management

Emissions Management has been added since FYE2022 as an organized approach to track greenhouse gas ("GHG") emissions by the Group's operations and has proven to be a useful tool in helping organizations see their progress and achieve set targets for environmental sustainability goals.

As a responsible global corporate citizen, we believe that it is important to continuously reduce the impact of GHG emissions from year to year through improving operational efficiencies and applying green technologies where feasible. We established our emissions data table to represent Hexcare's operational carbon emissions following the guidelines in the Greenhouse Gas (GHG) Protocol, which is a standard governing the accounting and reporting of seven GHG covered by the Kyoto Protocol, and subsequently taken pro-active steps to reduce them. In the process, we have also defined the operational boundaries for the purpose of such calculation, taking into account the scopes of both direct and indirect emissions within the boundaries. The emission factors used were made with reference to recognized sources such as the Malaysian Green Technology Corporation's website (CDM Electricity Baseline for Malaysia), the Department for Environment (DOE), Food and Rural Affairs (Defra) UK GHG Conversion Factors and the Intergovernmental Panel on Climate Change (IPCC), which are relevant to our operations.

GHG EMISSION		Co_2e for Year (MT)		
		2023	2022	2021
Scope 1	Petrol and Diesel	83	168	201
	Natural Gas	17,660	9,309	26,013
	Woodchips and PKS	8,559	17,330	27,840
	Sub Total	26,302	26,807	54,053
Scope 2	Purchased Electricity	11,366	12,200	23,495
	Sub Total	11,366	12,200	23,495
Total (Scope 1 & 2)		**37,668**	**39,007**	**77,548**
Scope 3	Purchased goods and services	122	93	125
	Upstream Transportation and Distribution	642	N/A	N/A
	Waste generated in operations	493	469	641
	Business Travel	59	107	N/A
	Employee Commuting	309	278	N/A
	Downstream Transportation and Distribution	1,728	N/A	N/A
	Investment	N/A	930	N/A
	Sub Total	3,353	1,877	766
Grand Total (Scope 1, 2 & 3)		**41,021**	**40,884**	**78,315**

Notes:
Scope 1 emissions refer to direct CO2e emitted from sources that are owned by the Group, such as our machineries and company-owned vehicles
Scope 2 emissions refer to indirect CO2e emitted from the consumption of purchased electricity
Scope 3 emissions refer to indirect CO2e emitted from the value chain of our company, including both upstream and downstream emissions

In 2022, the Group also took the proactive step of installing an Electric Vehicle ("EV") Charging Unit at our corporate office in Ipoh, Perak, equipped with a robust power output of 22kW for the charging of our hybrid-powered company vehicles. This strategic initiative not only demonstrates our commitment to sustainability but also plays a pivotal role in our overarching efforts to decrease Scope 1 GHG emissions. This effort aligns seamlessly with our transition from thirteen units of diesel-fueled forklifts to ten units of more environmentally friendly rechargeable battery-powered ones, further cementing our dedication to eco-conscious practices and nurturing a more sustainable tomorrow.

The Group's petrol and diesel under Scope 1 emissions saw an approximate 50.0% reduction in CO2e discharges, from 168 metric tons (MT) of CO2e in 2022 to 83 MT in FYE2023. Similarly, the increase in CO2e emission from the Group's usage of natural gas was deliberately set off against lower biomass fuel usage, a positive switch from the previous year. Our Scope 3 emission data increased substantially in FYE2023 as we incorporated more upstream and downstream transportation and distribution data in the current year. Hexcare is committed to an absolute GHG emissions decrease for Scope 1 and Scope 2 by 15.0% by 2025, and has set a long-term target of absolute GHG emissions reduction for Scope 2 by 50.0% by 2030, using FYE2022 as the baseline.

Electric Vehicle Charging Unit at our corporate office

Social Sustainability

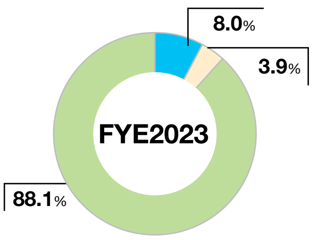
In order to ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development. The Group's social commitments and responsibilities also extend to the community at large and in particular to residents living within close proximity to our manufacturing premises. Some of the Group's principle indicators of social sustainability are outlined below: -

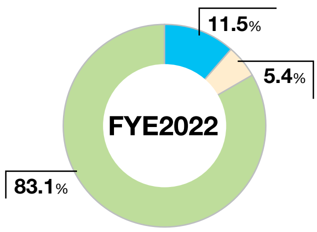
(i) SC1: Remuneration and rewards

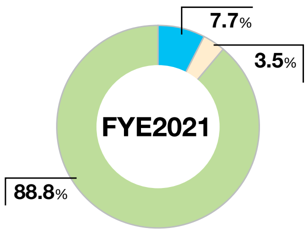
Hexcare's Group-wide human resource policies with regards to recruitment and retention are comparable to industry averages, employees' skills set, performance, experience and qualifications. The Group maintains a lean organization chart, with minimal reporting lines of authority so as to encourage communication and accountability.

In FYE2023, the remuneration of the Group's key management personnel, including the Managing and Executive Directors, have accounted for approximately 11.9% of total employee benefits expenses, a decrease from 16.9% of the previous year. This decrease was in effect coming from a higher base of RM38.6 million in terms of employee benefits expenses in FYE2023 compared to RM36.2 million incurred in the previous year, as we scoped in the data from our subsidiary company which was on-boarded in the current year:

	As % of total employee benefits expenses		
	FYE2023	FYE2022	FYE2021
Remuneration paid to top 5 senior management	8.0%	11.5%	7.7%
Remuneration paid to other key management personnel	3.9%	5.4%	3.5%
Remuneration paid to other employees	88.1%	83.1%	88.8%







As have salary increments and promotions, staff bonuses were disbursed in both financial years and amounts paid to key management personnel were based on merit, directly linked to the results of their divisions as well as their individual leadership and executive performances.

As of 31 December 2023, the average length of service by the Group's key management personnel was 21.0 years, underscoring the extensive breadth of knowledge, experiences and leadership of these individuals. The Group also valued loyalty among its employees and long service awards were granted to employees who have been with the Group for at least ten years. In the current year, a total of 26 employees were rewarded and presented with tokens of appreciation for their continuous services to the Group:

No. of employees presented with 10-year service awards: 4
No. of employees presented with 20-year service awards: 10
No. of employees presented with 30-year service awards: 12

(ii) SC2: Health, Safety and Wellbeing

Our employees' comfort, physical and mental wellbeing are a priority and workers' safety is never compromised. Hexcare has in place an established Occupational Safety and Health (OSH) Policy that governs all employees, contractors, customers, visitors, members of the public and related parties to the adherence of applicable national and international health, safety and environmental laws.

The Occupational Safety and Health Act of 1994 (Safety and Health Officer) Order 1997 specifies that employers in certain types of industries and/or size are required to employ a Safety and Health officer ("SHO") for the purpose of managing matters relating to workplace safety and health. It is also imperative that the SHO be duly qualified and/or have received the relevant prescribed training necessary to act as a SHO. At Hexcare, we take liberation in our employment of two qualified and experienced full-time SHOs who, guided by the Hazard Identification Risk Assessment and Risk Control (HIRARC) tool, oversee all aspects of workplace safety at our plants including conducting regular workplace inspections, audits and risks assessments, accident investigations, promote safe practices and communicate findings to Management as well as relevant authorities so that our factories may operate in the safest, most effective modes. There are also established in-house Safety and Health Committees within the Group, whose members consist of various departmental heads who also support the functions of the SHO in ensuring workplace safety. Hexcare has been audited and certified yearly to be in compliance to the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems.

Item	Requirement	Frequency	Description
Noise Risk Assessment (NRA)	In compliance with Occupational Safety and Health Act 1994	Once every five years	For monitoring purpose, when the noise level exceeds 82 dB(A) in a specific area, employees in those specific areas must undergo audiometric testing.
Local Exhaust Ventilation (LEV)	In compliance with Occupational Safety and Health Act (Use and Standards of Exposure of Chemical Hazardous to Health) Regulations 2000	Once a year	Is a test of whether the LEV systems installed and operated at our factory meet the minimum required duct transport velocities. If they do not meet the requirement, the specific LEV system will need to be arranged for service.
Chemical Health Risk Assessment (CHRA)	In compliance with Occupational Safety and Health Act 1994	Once every five years	Is an assessment conducted by an external consultant to verify the chemicals we use and ensure compliance with regulations regarding annual chemical training and the proper use of personal protective equipment (PPE) by workers when handling chemical.

(a) Health screenings

Throughout the years, a number of employees from designated departments have also routinely undergone specific occupational health and safety checks such as audiometric tests, chemical exposure monitoring tests and other ad-hoc general health screenings provided by the Group:

Item	Requirement	Frequency	No. of employees tested in FYE2023
Audiometric Test	In compliance with Occupational Safety & Health (Noise Exposure) Regulations 2019	Once a year	332
Chemical Exposure Monitoring	In compliance with Occupational Safety and Health Act (Use and Standards of Exposure of Chemical Hazardous to health) Regulations 2000	Once a year	14
Medical Surveillance	In compliance with Occupational Safety and Health Act 1994	Once a year	45

In FYE2023, the Social Security Organization in Malaysia (PERKESO) introduced a Health Screening Program 3.0 ("HSP"), offering free health screenings for eligible workers for early detection of non-communicable diseases (NCD) such as diabetes, high blood pressure, cancer and the risk of heart disease. These screenings are available for free at all health clinics and government hospitals in Malaysia and the aim of HSP 3.0 was to identify and treat workers in high-risk groups so as to retain their productivity in order to create a vibrant business environment that in turn stimulates the economy. In July 2023 and December 2023, Hexcare took the liberty of organizing such screenings carried out by external qualified medical professionals, on-site, at a dedicated office space, for the convenience and accessibility of our eligible workers. Of the 130 who were entitled and who registered for the screenings, 120 staff attended and benefited from this program, a 92.3% turnout success rate.

Health Screening Program conducted at Hexcare in July and December 2023

(b) Industrial incidents

A total of fifteen industrial incidents were reported at our Malaysia plants in 2023 of which nine were classified as "major", requiring more than five days' medical leave, and six "minor" cases. We acknowledge the increase in such incidents and adequate steps have been taken to address the risks and shortcomings. Most crucially, no fatalities were involved in any of our plants in the past three years. All industrial incidents were duly notified to the Department of Occupational Safety and Health (DOSH) (Jabatan Keselamatan dan Kesihatan Pekerjaan (JKKP)) and documented accordingly. During the year, DOSH also conducted nineteen audits and checks on Hexcare's plants to ensure safe work practices, chemical handling procedures and emergency systems, and we are pleased to note that no major non-compliances were raised.

	No. of industrial incidents		
	FYE2023	FYE2023	FYE2023
Major (requiring more than 5 days' medical leave)	9	4	5
Minor	6	2	7
Fatalities	Nil	Nil	Nil

(c) Fire drills

In order to equip workers with emergency handling skills and readiness in an event of dangers or disasters such as a fire outbreak, drills and trainings are regularly carried out, including at night and at workers' dormitories, to familiarize our employees with safety procedures, escape routes, evacuation plans and meeting points in case of a fire. These fire drills and protocols are under the purview of the Group's in-house Safety and Health Committee members who also double as Emergency Response Teams. They consist of 55 competent employees from various departments and work shifts, who have been trained in basic fire-fighting, medical care and first aid. In FYE2023, thirteen fire drills were carried out, and the average response time from these exercises, from the trigger of alarm to full assembly was 8.5 minutes, slightly above that recommended by the local fire department of 7.0 minutes.

(d) Employees' welfare

Fire drills conducted by Hexcare in 2023

Other than the standard health benefits accorded such as paid sick leaves, maternity and paternity leaves, health insurances and dental care, employees of the Group were also encouraged to adopt healthy lifestyles and work-life balances. The Management has actively supported fellowship and employee participation through the organization of various friendly sports competition and activities throughout the year. After a hiatus of two years due to the pandemic, these sociable badminton and soccer tournaments have gradually resumed and three such tournaments were held during the year, where workers from various divisions and departments within Hexcare engaged in teamwork, friendly competition and comraderies.

In September 2023, Hexcare initiated a series of improvements aimed at enhancing the lighting system and overall working environment for employees in both the Packing and Work-in-Progress (WIP) areas of our glove plants. These enhancements included the upgrading of existing lightings to mirror lightings and replacing the existing wood desks with Formica-made desks. The total investment for these projects amounted to RM156,000. By making these enhancements, Hexcare aimed to improve visibility, comfort, and productivity in these areas, ultimately fostering a more conducive and pleasant work environment for our employees.

The Group's workforce is presently fully 100% double-vaccinated and boosted against COVID-19. While we acknowledge that sporadic cases of COVID-19 may occur from time to time, they are not expected to disrupt normal factory operations. In order to preserve this level of protection and safety, Hexcare had taken proactive steps to ensure that all new hires and recruits have had at least one booster vaccination to their name prior to an offer of employment.

For the safety and convenience of its staff and workers, Hexcare also installed on-site, a dedicated automatic teller machine (ATM) by a local bank to ease the task of cash withdrawals and/or deposits. This machine has been placed at a well-lit area, within sight of the security guards on duty and safely monitored by closed-circuit television cameras twenty-four hours a day.

During the year, Hexcare also organized a Gotong-Royong event at our premises, where teams or groups of staff were involved in tidying up different sections of our plants in Ipoh, Perak. The event began with a group aerobic session, followed by cleaning activities around the factory premises, and concluded with an eagerly anticipated lucky draw session that generated much excitement among our staff. In all, such planned social activities at Hexcare was about building connections, fostering teamwork, and nurturing a positive work culture.

The Group recognizes that a positive and inclusive culture or work environment promotes a greater sense of motivation, amity and goodwill among employees and enhances their overall work experience at Hexcare. Major holiday and festive occasions are commemorated or celebrated communally during the year, such as during the Indian festival of Deepavali, where staff of various races got together for the creation of the traditional "kolam" to signify peace and prosperity, and a Christmas gift exchange where Management and staff, irrespective of races participated joyously. At Hexcare, we are committed to fostering a safe and conducive work environment where our employees feel valued, contented and appreciated.

Employees engage in gotong-royong and gather to celebrate festive occasions

(iii) SC3: Workplace Diversity and Equal Opportunities

Hexcare celebrates diversity and practice equality and inclusion in our hiring practices. We believe that a diverse workplace is an essential corporate asset that acknowledges a greater range of talent, perspectives and strengths of its workforce; this promotes greater productivity, fosters teamwork, improves collaboration and ultimately supports a company's innovation, growth and sustainability. Hexcare complies with current laws on the minimum and standard wage levels that were set by the government in our recruitment process, and ensures that the ratio of basic salary and remuneration of women to men is 1:1 at all times.

The people pool at Hexcare has always been culturally diverse with a harmonious blend of nationalities, talents and age groups. As of 31 December 2023, the Group had a total headcount of 806, inclusive of seven local Spanish staff based at our subsidiary company in Spain. The senior Management of the Group is 100% Malaysian. All eligible full-time employees of Hexcare are also covered by applicable group-wide medical and health insurance policies.

The recruitment of staff and workers during the year were carried out to satisfy vacant positions and job functions within our operations. In FYE2023, Hexcare also repatriated 35 foreign workers who had completed their employment contract with the Group back to their home countries. The voluntary turnover rate for FYE2023 was approximately 36.2%, marked by a decrease in recruitment during the year compared to 2022. Contractors and/or temporary staff includes those on short-term work agreement contracts with the Group and whose services were terminated upon completion, made up 0% of our workforce in 2023. Employee movements during the year were as follows:

As of 01/01/2023	Recruited	Resigned/ Repatriated/ Terminated	As of 31/12/2023
814	449	457	806

The Group has always strived ensure a higher proportion of local workers to foreign, and in FYE2023, this was no exception; 586 out of total 806 workers or 72.7% of the Group workforce are Malaysians. The categorization of the Group's foreign workforce as at the end of FYE2023 consists of workers from Myanmar (73.7%) and Nepal (26.3%) brought in to fulfil critical manual tasks at certain sections of the factory floor that require greater continuity and stability in terms of workers' attendance and turnover. Staff in Spain accounted for 1% of the Group's workforce. The deliberate decision to employ and retain foreign workers from only a few select countries was so that these foreign workers may foster better support networks, companionship and teamwork among themselves while employed by the Group. Hexcare targets to achieve at least 80.0% local employment in the overall workforce by the year 2030.

Number of employees						
Year	2023		2022		2021	
Nationality	Count	%	Count	%	Count	%
Local	586	72.7%	555	68.2%	573	57.2%
Foreigner	220	27.3%	259	31.8%	429	42.8%
Total	**806**	**100.0%**	**814**	**100.0%**	**1,002**	**100.0%**

The majority of our Group's workforce is relatively young and dynamic, with the highest proportion of employees in the 18–30 years age group. Sustainability for the Group is assured from a ready pool of willing, motivated learners, guided by the right balance of qualified experienced mentors.

Number of employees by age group						
Employee Category / Age Group	Executive		Non-executive		Overall	
	Count	%	Count	%	Count	%
18-30 years	17	2.1%	351	43.6%	368	45.7%
31-45 years	48	6.0%	270	33.5%	318	39.5%
46-60 years	26	3.2%	93	11.5%	119	14.7%
Above 60 years	1	0.1%	–	–	1	0.1%
Total	**92**	**11.4%**	**714**	**88.6%**	**806**	**100.0%**

At Hexcare, equal employment opportunities also extend to persons with disabilities. The Persons with Disabilities Act 2008 in Malaysia provides that such persons shall have the right to access employment on an equal basis as persons without disabilities. Opportunities for employment provide persons with disabilities a safe environment to hone their skills, instill confidence and self-independence which would also encourage and inspire other in the community. The Group presently has in its employment two such persons, equivalent to 0.2% of our global staff count, who are attached to our Gloves Operation division. The Group has no qualms in offering more equal employment opportunities to persons with disabilities in the quest to support their livelihood and our local community should and if the need arises.

Description/Years	FYE2023		FYE2022		FYE2021	
	Count	%	Count	%	Count	%
Global staff with a disability	2	0.2	2	0.2	2	0.2

(iv) SC4: Training and Development

The Group has always been a strong advocate of employee training and development. These programs are held throughout the year and may be conducted in-house or off-site, virtual or physical. All employees of the Group are mandated to undergo anti-bribery and corruption training conducted internally by our Human Resources (HR) department upon recruitment; each employee also formally acknowledges their understanding and adherence to the Group's Anti-bribery and Corruption policy by signing a staff declaration form. Continuous training and learning programs provide opportunities for employees to acquire new skill sets as well as improve their knowledge base, productivity, confidence and morale. This leads to increased job satisfaction, lower employee turnover and promotes a performance-based culture that is encouraging, supportive and sustainable.

Hexcare remains committed to investing in training and development programs, utilizing both the physical and online channels of communications for the conduct of these trainings where applicable. In FYE2023, the Group invested approximately RM224,000 in various training programs, encompassing those that were both knowledge-based and skills-based, to address workforce competency gaps, skills upgrade and enrich professional development of our employees. The Group recorded a total of 8,015 training hours spent, or an average of 9.9 hours per headcount in FYE2023, an increase of 1,268 hours or 18.8%, from an average of 8.3 hours per employee in the previous year.

Total hours of training by employee category				
Year / Employee Category	2023		2022	
	hours	%	hours	%
Executive	2,197	27.4%	1,390	20.6%
Non-executive	5,818	72.6%	5,357	79.4%
Total	**8,015**	**100.0%**	**6,747**	**100.0%**

Where appropriate, the Group also utilizes opportunities and resources provided by the Malaysian government's Human Resource Development Fund (HRDF) for its training needs and expenditures. The returns on these hours invested on our human resource capital far outweighs the upfront costs over the long run as we build a progressive and skilled workforce that is driven and motivated for success. Some of the professional and skills development programs carried out in FYE2023 were as follows:

Safety Training	Forklift Training
	Fire Drill Training
	First Aider Training
	Hydrant Test Report
	AESP Refresher Training
	Safe Handling Of Chlorine
	Chlorine Emergency Toolkit
	Fire Fighting And ERP Training
	Safety And Health Committee
	National Seminar - Safety Culture
	Seminar Keselamatan Kebakaran
	Safety And Health Induction Training
	Noise & Hearing Conservation Training
	Empowering Safety & Health Committee
	Intermediate Scaffolding Level 2 Course
	Chemical Management & Spillage Control
	Self-Contained Breathing Apparatus (SCBA)
	Emergency Preparedness & Response Plan
	Behavioural Based Reach Truck Safety Operations
	Basic Occupational First Aid, CPR & AED Training
	Safe Work Procedure During Ramadhan Kareem
	Safety Toolbox Briefing And Stop & Think 30S Rules
	Maintenance And Inspection Of Machinery Equipment
	SCBA, Gas Leaking, Fire Fighting, First Aider & ERP Training
	Seminar Noise Hazard At Workplace 2023 "Say No To Deaf"
	Authorized Entrant & Standby Person (AESP) For Confined Space
	Hazard Identification, Risk Assessment And Risk Control (HIRARC)

Professional Training	BSCI 2.0 Awareness Training
	Half-Day Seminar Cyber Security
	Design And Read Electrical Drawing
	ISO 45001:2018 Internal Audit Training
	Basic Electrical Maintenance Skill Training
	Hearing Conservation Administrator Training
	Certificate In Human Resource Management
	Mandatory Accreditation Programme (MAP)
	ESG Reporting For ESG Leaders And Managers
	Briefing on Sustainable Supply Chain Programs
	Training Needs Analysis And Training Evaluation
	Environmental Auditing-Process & Methodology
	ISO 9001:2015 & Iso 13485:2016 Refresher Training
	Good Manufacturing Practices (GMP) – A Refresher
	Carbon Footprint – How to Start and Using The Data
	MS ISO 13485:2016 Medical Devices Internal Auditing
	Kursus Bahan Penyebatian Getah Dan Campuran Getah
	Understanding The Sedex Ethical Trading Initiative Base Code
	Maintenance And Inspection Of Machinery Equipment Training
	Social Compliance Through Customer S Code Of Conduct Training
	ISO 14001:2015 Awareness & Internal Auditors Refresher Training
	FMM Perak Seminar On Latest Labour Legislation Review, Updates & Current Issues
	Mengurus Dan Mendisiplinkan Pekerja Mengikut Undang-Undang Perburuhan Terkini
	Workshop On What Must Employers Do To Win Dismissal Cases At The Industrial Court
	Seminar On Socso's Latest Updates On Employer Responsibilities, Protection Schemes And Hiring Incentives
	Sustaining ESG Momentum – Maintaining and Improving Performance For The Long Term
	New Corporate Communications Toolkit to Advocate ESG & Sustainability with Your Network
	FMM Perak Seminar On The Right Approach To Handle Misconduct, Domestic Inquiry & Procedure Of Labour Court
	Introduction of Bursa Carbon Exchange (BCX) & Centralised Sustainability Intelligence Platform (CSIP) Confirmation
	Pematuhan Akta Kualiti Alam Sekeliling 1974 & Pemantapan Orang Yang Berwibawa Peringkat Negeri Perak Tahun 2023

(v) SC5: Giving back to society

As responsible community members and business operators, Hexcare and the Group carries out its corporate social responsibilities (CSR) in good faith, contributing monetary support and assistance to various deserving charities and organizations. In FYE2023, a total of RM268,000 in donations and non-monetary contributions-in-kind were made, which aided approximately 5,330 members of the community, and some of the beneficiaries were as follows: -

- Cancer Research Malaysia;
- Yayasan Orang Buta Malaysia;
- Rumah Seri Kenangan Ulu Kinta;
- Persatuan Bagi Orang Buta Malaysia;
- Persatuan Kebajikan Veteran Kawalan;
- Persatuan Bekas Polis Negeri Selangor;
- Pertubuhan Kebajikan Mental Selangor;
- Sekolah Jenis Kebangsaan (C) Kong Hoe;
- Koperasi Warisan Polis Kuala Lumpur Berhad;
- Buletin Koperasi Bekas Kastam Diraja Malaysia;
- Persatuan Orang-orang Cacat Anggota Malaysia;
- Persatuan Kebajikan Pesakit-pesakit Tua dan Uzur Malaysia;
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia (PMPPMM) and
- Approximately 108,000 COVID-19 rapid test kits (RPTs) contributed to 12 Youth Movement groups, 11 social welfare organizations, 9 government agencies and 7 schools and hospitals throughout Malaysia.

Various contributions and charitable acts carried out by Hexcare in 2023

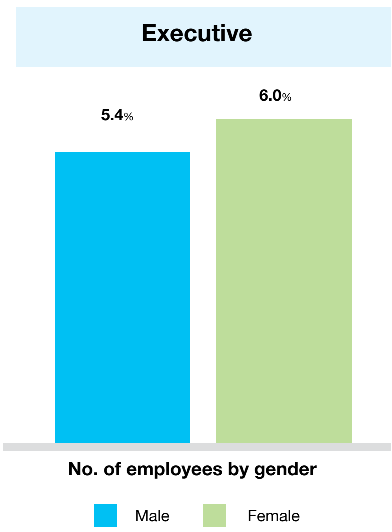
Hexcare actively encourages its employees to volunteer and participate in such engagements and believes that these CSR initiatives directly improves the lives of our community and the society at large while indirectly, driving employee satisfaction and staff retention through its recognition as a socially responsible company.

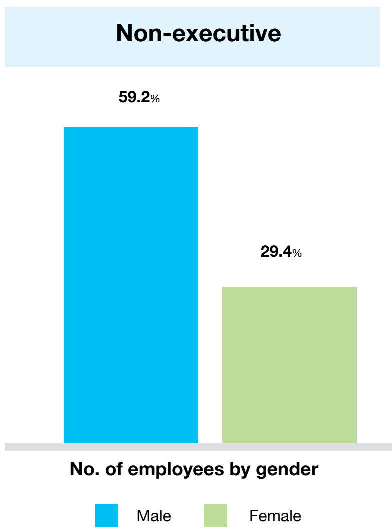
(vi) SC6: Human Rights

One of the United Nations Sustainable Development Goals, i.e. UNSDG 16, focuses on gender equality, specifically on women's empowerment and human rights. At Hexcare, our advancement to this goal channels our efforts toward protecting human rights and fostering a culture that is free from any discrimination in the form of nationality, gender, race, religion, age, sexual orientation or disability.

The Group advocates fair treatment and opportunities to its employees; we are impartial to the traditional factory-based, technical roles previously held mostly by males and equal chances were also accorded to our female engineers, chemists and technicians within the Group. Guided by UNSDG 16 and based on our internal research of companies of similar attributes to Hexcare, we have set an immediate target of 40.0% female participation in our workforce by year 2025 in order to meet gender equality goals. As of 31 December 2023, the Group had a 35.4% female representation in its workforce, which at present is adequate and unprejudiced, as reflected below:

Number of employees by gender						
Employee Category / Gender	Executive		Non-executive		Overall	
	Count	%	Count	%	Count	%
Male	44	5.4%	477	59.2%	521	64.6%
Female	48	6.0%	237	29.4%	285	35.4%
Total	**92**	**11.4%**	**714**	**88.6%**	**806**	**100.0%**





Hexcare does not employ child or under-aged labour, neither does it promote forced labour in its operations. The Group's Human Resource division takes counter-measures during the hiring process by screening for age using official identification documents such as valid identity cards or passports of workers to verify their ages during the recruitment process. All of our employees meet the current minimum legal recruitable age of 18 years.

In compliance with the new Employment Act (Amendment) 2022 enforced since 01 January 2023, Hexcare has reduced the maximum weekly working hours from 48 to 45, aligning with International Labour Organization (ILO) conventions to safeguard worker welfare as we recognize that living wages are an important part of empowering the community and eradicating poverty and inequality. There are no forced or contractual overtime hours in the Group's workforce. This allows employees to cover their basic needs and that also allows them to attain financial independence. The Group's Labour Rights Policy, which outlines the various rights of our employees is available in both English and Malay, published on the company's website and communicated effectively to all employees.

An employee's freedom of association and participation in the formation, membership and lawful activities of a trade union, workers' association, or workers' council, and the rights to bargain collectively in accordance with and within the Trade Union Act 1959, the Industrial Relations Act 1967, and the Immigration Act 1956/63 of Malaysia is a respectable right of any employee. Hexcare did not and will not discriminate or take any disciplinary or punitive actions on employees and workers who exercise these rights.

The Group's stance on responsible employment practices also extend to the recruitment and hire of foreign migrant workers who make up 27.3% of the Group's workforce. These practices include engaging actively with the foreign workers to ensure that they are not charged any recruitment related fees at any stage of the recruitment process, whether while under our care or by our agent(s) in Malaysia and/or agent(s) in their home countries. Where such costs were found to have been incurred, the Group promptly remediated the action and expeditiously reimbursed the costs to them. In upholding our Zero Recruitment Fees Policy, the Group also pro-actively extended the act of reimbursement and/or remediation to former foreign workers who had resigned or departed Hexcare before this Policy took effect in January 2021; this was to ensure a thorough and fair treatment to all foreign workers whether currently in or previously under the employment of Hexcare.

Crucially, in FYE2023, there were no incidences of non-compliance to labour laws and regulations that resulted in any fines, reprimands or penalties imposed by any regulatory authorities, both in Malaysia and overseas. At Hexcare, we honour and champion human rights simply because they embody key values in our society such as fairness, equality, dignity and respect – values that immeasurably sustain humankind.

Feedback

We extend a warm invitation to our stakeholders to share their feedback regarding this Statement and the topics it addresses through our company email, info_hexcare@hextar.com. Your input would be highly valued and appreciated.

Sustainability Performance Report

As part of Bursa Malaysia's Main Market Listing Requirements, Hexcare is required to provide mandatory ESG disclosures in line with the enhanced Sustainability Reporting Guide (3rd Edition). The following performance data table, downloaded from the ESG Reporting Platform summarizes the quantitative mandatory indicators that are pertinent to material sustainability matters, whereas the qualitative material sustainability matters are covered in the various sections of our Sustainability Statement.

Indicator	Measurement Unit	2022	2023
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	97,247.00	119,187.00
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Executive 18 - 30 years	Percentage	1.60	2.10
Executive 31 - 45 years	Percentage	6.30	6.00
Executive 46 - 60 years	Percentage	3.30	3.20
Executive Above 60 years	Percentage	0.10	0.10
Non-executive 18 - 30 years	Percentage	43.10	43.60
Non-executive 31 - 45 years	Percentage	33.40	33.50
Non-executive 46 - 60 years	Percentage	12.20	11.50
Non-executive Above 60 years	Percentage	0.00	0.00
Gender Group by Employee Category			
Executive Male	Percentage	5.80	5.40
Executive Female	Percentage	5.50	6.00
Non-executive Male	Percentage	55.70	59.20
Non-executive Female	Percentage	33.00	29.40
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	100.00	66.70
Female	Percentage	0.00	33.30
18 - 30 years	Percentage	0.00	0.00
31 - 45 years	Percentage	20.00	0.00
46 - 60 years	Percentage	40.00	33.30
Above 60 years	Percentage	40.00	66.70
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Executive	Hours	1,390	2,197
Non-executive	Hours	5,357	5,818
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.80	0.00
Bursa C6(c) Total number of employee turnover by employee category			
Executive	Number	21	16
Non-executive	Number	1,802	441
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.93	2.02
Bursa C5(c) Number of employees trained on health and safety standards	Number	814	806
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	26,000.00	268,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	450	5,330
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	622.000000	820.000000
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	59.40	68.00
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Executive	Percentage	100.00	100.00
Non-executive	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0

Internal assurance External assurance No assurance (*)Restated

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Sim Yee Fuan	(Chairman, Independent Non-Executive Director, appointed on 26 May 2023)
Dato' Chan Choun Sien	(Chairman, Independent Non-Executive Director, retired on 26 May 2023)
Doris Cheng Chin Ching	(Member, Independent Non-Executive Director)
Lim Siew Eng	(Member, Independent Non-Executive Director)

MEETINGS OF THE AUDIT COMMITTEE

1. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors and the Secretary of the Audit Committee shall be the Company Secretary;

2. The Secretary of the Audit Committee shall be entrusted with the circulation of the agenda and notice of meetings prior to each meeting and shall record all proceedings and minutes of Audit Committee meetings;

3. The quorum for an Audit Committee meeting shall be at least two members and the majority of members present must be independent directors;

4. Audit Committee meetings shall be held not less than four times a year and internal or external auditors may attend the meetings upon the invitation of the Audit Committee;

5. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of any executive directors and management of the Company to deliberate on the audit plans, summaries of findings and any other matters directly affecting the Company and the Group; and

6. Four Audit Committee meetings were held during the financial year ended 31 December 2023. The attendance record of each member is as follows:-

Name	Attendance	Percentage
Sim Yee Fuan (appointed on 26 May 2023)	3/3	100%
Dato' Chan Choun Sien (retired on 26 May 2023)	1/1	100%
Doris Cheng Chin Ching	4/4	100%
Lim Siew Eng	4/4	100%

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities of the Audit Committee in the financial year ended 31 December 2023 were as follows:

1. Reviewed the adequacy and relevance of the scope, functions, resources, audit plans and results of audit processes, with the external and internal auditors;

2. Reviewed the audit reports and major findings prepared by the external and internal auditors, and management's responses thereto;

3. Reviewed the quarterly financial reports and year-end financial statements of the Company and of the Group and thereafter submitting them to the Board of Directors for consideration and approval;

4. Reviewed the latest changes of pronouncement issued by accountancy, statutory and regulatory bodies on matters generally relevant to the Audit Committee;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

5. Reported to the Board of Directors any significant issues and concerns discussed during the Committee's meetings with external and internal auditors, and where appropriate, made the necessary recommendations to the Board;

6. Reviewed the Company's and the Group's compliance with the listing requirements of Bursa Malaysia Securities Berhad;

7. Considered and recommended to the Board of Directors for approval, the audit fees payable to the external and internal auditors; and

8. Prepared the Audit Committee Report for inclusion in the Company's Annual Report.

9. Reviewed the related partry transactions and conflict of interest situation that may arise within the Company or the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd, a professional advisory services firm, who reports directly to the Audit Committee. The primary role of the internal audit function is to support the Audit Committee by providing independent and objective reports on the state of internal controls and compliances within the Group, with recommendations for improvements where control weaknesses are detected. The findings and recommendations of the internal auditors are presented to Management, who ensure that necessary corrective actions are taken within specific timeframes, and to the Audit Committee on a quarterly basis. The internal auditors also conduct appropriate follow-up audits from time to time.

The internal auditors carry out their function in accordance with their risk-based audit methodologies, closely consistent with the Internal Audit Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors. Their approach typically consists of the following phases:
(i) Identify areas of risks, review existing policies and procedures to evaluate effectiveness of internal controls;
(ii) Systems documentation, walk-through and gap analysis;
(iii) Detailed testing and validation; and
(iv) Reporting.

The internal audit activities for the financial year ended 31 December 2023 covered the following areas of the Group's subsidiary companies, Rubberex (M) Sdn Berhad ("RMSB"), Rubberex Alliance Sdn Bhd ("RASB") and Reszon Diagnostics International Sdn Bhd ("RDISB"):

	Audit Area	**Subsidiary Companies**
1.	Procurement to Payment Management	RDISB
2.	Information Technology, General and Application Controls	RMSB, RASB
3.	Sales to Receipt Management	RDISB
4.	Human Resource Management and Payroll Function	RDISB

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (the "Board") of Hextar Healthcare Berhad ("Hexcare" or the "Company") is pleased to present this Corporate Governance Overview Statement for the financial year ended 31 December 2023, highlighting its corporate governance practices carried out during the year as guided by the principles set out in the Malaysian Code on Corporate Governance and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

This Statement highlights the key corporate governance practices of the Group during the financial year, with references to the following three principles:

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement should be read in conjunction with the Group's Corporate Governance Report ("CG Report") which has been uploaded on the Company's websites: www.hextarhealthcare.com, and announced on Bursa Securities.

BOARD LEADERSHIP AND EFFECTIVENESS

Principal Duties

The Board takes full responsibility for the overall performance of the Company and the Group by setting the vision and objectives and by directing the policies, strategic action plans and stewardship of the Group's resources. It focuses mainly on strategies, financial performance and critical business issues.

In carrying out its responsibilities, the Board reviews the Group financial results, operational plans and strategic objectives formally on a quarterly basis and deliberates key management decisions. It also ensures that key information are reported to Bursa Securities in an accurate and timely manner.

The Company has a board charter which clearly outlines the structure of the Board, roles and responsibilities of directors, including independent directors and committee. It also states specifically the issues and strategic decisions to be undertaken by the Board each year including setting long term vision(s) for the Group, reviewing and approving dividend payments, Group budgets, directors' remuneration packages, quarterly financial results to Bursa Securities and other corporate announcements.

Composition of the Board

The Board is made up of one Managing Director, an Executive Director and four non-executive directors who are independent directors, including the Chairman. The Managing Director, Mr. Khoo Chin Leng has many years of experience in the Group's core businesses, which are the manufacture and export of household gloves, industrial gloves and disposable gloves. The Executive Director also contributes his knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.

Within the Board, there were two active working committees, namely the Audit Committee and the Nomination and Remuneration Committee, who meet regularly and are delegated specific responsibilities to support the Board in discharging its corporate governance reporting duties throughout the financial year ended 31 December 2023. These committees are each chaired by a capable board member of caliber and credibility.

Although a relatively small Board, it provides an effective blend of entrepreneurship, business and professional expertise. The Board has at least four regularly scheduled meetings annually. Board meetings bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training

All directors, including non-independent directors, have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The directors, either collectively or individually, have also attended various public talks and training sessions to keep abreast with developments in the business environment as well as to assist them in discharging their duties more effectively, including the Mandatory Accreditation Programme Part II: Leading for Impact required of company directors to be completed on/by August 2025. In addition, some of the training sessions attended by the directors in the financial year include:

1.	Cyber Security: What Directors Need to Know	March 2023
2.	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	August 2023
3.	Briefing on the Malaysian Accounting Standards (MFRS) and the Amendments to the MFRS	August 2023
4.	What Amounts to a Conflict of Interest by Directors	October 2023
5.	2024 Budget Seminar	November 2023
6.	Directors' Interests in Contracts and Conflicts of Interests	December 2023

Board Meetings

Five Board Meetings were held during the financial year ended 31 December 2023. The attendance record of each director during the year was as follows:

Name	Attendance	Percentage
Liew Jee Min @ Chong Jee Min (Chairman)	5/5	100%
Khoo Chin Leng	5/5	100%
Goh Hsu-Ming	5/5	100%
Sim Yee Fuan (appointed on 26 May 2023)	3/3	100%
Doris Cheng Chin Ching	5/5	100%
Lim Siew Eng	5/5	100%
Dato' Chan Choun Sien (retired on 26 May 2023)	2/2	100%
Lim Chee Lip (resigned on 29 December 2023)	5/5	100%

The Board composition in respect of the ratio of independent directors is four to six, or at least one-third of the Board, in compliance with the Listing Requirements.

The primary role of the Chairman is to instill good corporate governance practices, leadership and effectiveness of the Board. The Chairman also primarily leads the members in board meetings, guides the formulation of company policies, risk management practices and corporate affairs. He is supported by other board members as well as the Managing Director and Executive Director who contribute their knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.

Appointment and Nomination of Directors

The Nomination and Remuneration Committee comprises the following directors:

Ms. Doris Cheng Chin Ching (Chairman)
Ms. Lim Siew Eng
Sim Yee Fuan (appointed on 26 May 2023)
Dato' Chan Choun Sien (retired on 26 May 2023)

The Nomination and Remuneration Committee is tasked with reviewing and recommending to the Board for approval, the appropriate size, composition, mix of skills and experience, competency and diversity (including gender diversity) of the Board and Board Committees to facilitate effective decision-making after taking into consideration the scope and nature of the operations of the Group.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Appointment and Nomination of Directors

The Nomination and Remuneration Committee also identifies, considers and recommends to the Board suitable candidates for appointment of Directors. The Committee does not solely rely on recommendations from existing board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:-

(a) assess the candidates' expertise, skills, knowledge, experience, professionalism, commitment, contribution, performance, integrity, competence and character;
(b) consider board diversity including age and gender;
(c) in the case of candidates for the position of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
(d) in the case of candidates filling seats in respect of the Audit Committee in particular, ensure the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties.

In discharging its duties during the year, the Nomination and Remuneration Committee carried out the following activities:

- Reviewed the composition of the Board in terms of the required mix of skills, relevant experience and other qualities that will bring value to the Group;
- Reviewed and assessed the Board Committees in terms of composition, size and structure in compliance with the provisions of relevant guidelines and regulations;
- Assessed each individual Director, the Board as a whole and the Committees' performance in carrying out their duties;
- Reviewed and considered the appointment of Sim Yee Fuan as an independent non-executive Director of the Company;
- Reviewed and considered the resignation of Lim Chee Lip as an Executive Director of the Company;
- Reviewed and assessed the appointments of Directors standing for re-election at the forthcoming Annual General Meeting.

Re-election

Under the existing provisions of the Company's Constitution, one third of the directors are required to retire from office by rotation at least once every three years and subject to re-election at each Annual General Meeting.

Directors' Remuneration

The Nomination and Remuneration Committee reviews policies and procedures on remuneration of Directors to ensure that remuneration packages are determined on the basis of individual's merit, qualification and competence, after taking into consideration the complexity of Group's business and performance, individual's responsibilities, comparable market statistics, and their roles in addressing the company's material sustainability risks and opportunities and achieving sustainability targets. The Nomination and Remuneration Committee reviews and recommends remuneration packages of the Managing Director and Executive Director in accordance with the Company's policy guidelines, to the Board for approval.

In determining the remuneration packages of Directors, the Committee takes into consideration the following:-

(a) technical competency, skills, expertise and experience;
(b) qualification and professionalism;
(c) integrity;
(d) roles and responsibilities; and
(e) aligned with the business and risks strategies, and long-term objectives of the Group.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration

Fees for non-executive directors are determined by the full Board with the approval from shareholders at the Annual General Meeting. Individual directors affected are not involved in the approval of their own packages.

The details of the remuneration of directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies during the financial year ended 31 December 2023 were as follows:-

1. Aggregate remuneration of directors of the Group and of the Company categorised into appropriate components:

	The Group		The Company	
	Emoluments RM'000	Fees RM'000	Emoluments RM'000	Fees RM'000
Executive Directors ^	3,080	–	–	–
Non-executive Directors	20	217	20	217
Total	3,100	217	20	217

^ including benefits-in-kind

Details of emoluments and fees paid to each individual director of the Company are as follows:-

	Emoluments RM'000	Allowances RM'000	Fees RM'000
Liew Jee Min @ Chong Jee Min	–	5	61
Khoo Chin Leng	706	–	–
Goh Hsu–Ming	551	–	–
Sim Yee Fuan (appointed on 26 May 2023)	–	2	32
Doris Cheng Chin Ching	–	5	52
Lim Siew Eng	–	5	50
Dato' Chan Choun Sien (retired on 26 May 2023)	–	3	22
Lim Chee Lip (resigned on 29 December 2023)	420	–	–
	1,677	20	217

2. The directors' emoluments and fees payable to the Directors of the Company falls into the following bands:

Range of remuneration	Executive	Non-executive
Below RM50,000	–	2
RM50,001 to RM100,000	–	3
RM400,001 to RM500,000	1	–
RM500,001 to RM600,000	1	–
RM700,001 to RM800,000	1	–

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

The details of the remuneration of directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies during the financial year ended 31 December 2023 were as follows:- (Cont'd)

3. The remuneration of the top five(5) senior management of the Group, including the Managing Director and Executive Directors, falls into the following bands:

Range of remuneration	
RM400,001 to RM450,000	1
RM500,001 to RM550,000	1
RM550,001 to RM600,000	1
RM700,001 to RM750,000	1
RM850,001 to RM900,000	1

Supply of information

All Board members are supplied with information in a timely manner. Board reports are circulated at least five working days prior to the Board Meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports provide, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of business units and management proposals that require Board's approval.

The Board has the services of two Company Secretaries who ensure that notices of meetings are duly distributed, both for the Company's own records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements. The Company Secretaries are also charged with highlighting all issues that they feel ought to be brought to the Board's attention. During the Board of Directors' and other committee meetings, the Company Secretaries are jointly tasked with preparing the minutes to be signed off by the Chairman and distributed to all directors within a reasonable timeframe.

Besides the Company Secretaries, independent directors also have unrestricted access to the financial officers and internal auditors of the Company.

In exercising their duties, Board committees are entitled to obtain professional opinions or advice from external consultants such as investment bankers, valuers, human resource consultants and others.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Company has an Audit Committee whose composition meets the Listing Requirements i.e. three independent directors forming the majority and a member that is a qualified accountant. The Chairman of the Audit Committee is Sim Yee Fuan, an independent non-executive director. The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the Audit Committee.

Prior to the presentation of the quarterly financial statements to the Board and to the shareholders, the Audit Committee deliberates on the true and fairness of the information presented to ensure that the financial statements are prepared in accordance with the Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016, in Malaysia. Thereafter, the Audit Committee will recommend that the financial statements be approved by the Board and issued to shareholders.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Relationship with External Auditors

The Audit Committee meets with the external auditors at least twice during the year and maintains an appropriate relationship that is both formal and transparent. These meetings are carried out without the presence of any executive directors and management of the Company and of the Group to deliberate on the audit plans, summaries of findings and any other matters directly affecting the Company and the Group. At these meetings and throughout the financial year, the Audit Committee assesses the competency and independence of the external auditor and if satisfactory, recommends for re-appointment to the Board, who will then seek shareholders' approval at the Company's Annual General Meeting.

Yearly, the external auditors also duly declare to the Audit Committee and to the Board that they are in compliance with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Risk Management and Internal Control

The Board acknowledges the importance of having an adequate system of internal control and risk management within the Group. The key elements of the Group's internal control system are highlighted in the Statement of Risk Management and Internal Control on pages 76 and 77 of the Annual Report.

Internal Audit

The Group's internal audit function is outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly"), who reports functionally to the Audit Committee. The Internal Auditor meets at least quarterly with the Audit Committee and provides the Committee with objective reports on the state of internal controls within the Group.

The Internal Auditor presented their findings and reported to the Audit Committee on their observations and issued recommendations to improvements on certain audit processes and controls. It is also guided by the principals set up under the Group's Risk Management framework. The Audit Committee assesses the performance of the Internal Auditor yearly and reports to the Board of Directors on the adequacy and relevance of the scope, functions, competency, authority and resources of the internal audit function to carry out its work.

The Audit Committee and Board of Directors are adequately satisfied with the competence, professionalism and impartiality of the Internal Auditor in carrying out their duties. For the financial year just ended, the Board and the Company are also of the view that the internal control systems of the Group are appropriate and adequate.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders

A comprehensive Annual Report is published and sent to all shareholders at the end of each financial year. Through the Chairman's Statement, Directors' Report, financial highlights and key performance indicators, the shareholders are informed about the operations of the Group. On a quarterly basis, the Company also releases to Bursa Securities, details of the Group's performance for the information of the public and shareholders.

In addition, any other material business matters affecting the Group or new corporate developments, if any, are also announced to Bursa Securities within the appropriate timeframe.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Annual General Meetings

The Annual General Meeting is also a means of communicating with shareholders. At the Meeting, shareholders and investors are invited to raise any questions they may have pertaining to Group operations and interact with Management, key officers, internal auditors and external auditors of the Group.

Notices for the Annual General Meeting are distributed at least twenty-eight days in advance, through an announcement on Bursa Securities' website and publication in at least one major newspaper in circulation in Malaysia. The Company's Annual General Meeting is usually held at a hotel, with ample parking spaces and other amenities. Shareholders are entitled to appoint a proxy or proxies or the Chairman to vote on their behalf at the Annual General Meeting.

Since 2019, the Company has conducted its Annual General Meeting on a fully virtual basis, for the safety and well-being of the shareholders, as a precautionary measure against the spread of COVID-19. The Company's resolutions set out in the Notice of Annual General Meeting were put to a vote by poll, the results validated and presented to the shareholders. This same practice will prevail at the forthcoming Annual General Meeting.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Private Placement Exercise

On 03 August 2023, the Company announced an extension of time and variation to the utilization of proceeds raised from the Private Placement exercise in August 2021 amounting to RM66.6 million. As of 31 December 2023, the status of utilisation of the proceeds was as follows:

Purpose	Proposed Utilisation RM'000	Variation in utilisation of proceeds RM'000	Proceeds Unutilised as of 31 December 2023 RM'000	Intended timeframe for utilisation
Acquisition of double-formers nitrile disposable glove production lines	66,024	–	–	–
Working capital	–	15,744	–	Immediate
Fixed or short-term deposits - earmarked for future investments	–	50,280	24,042	To be determined
Estimated expenses	558	–	–	–
Total	**66,582**	**66,024**	**24,042**	

Share Buy-backs

The Company did not carry out any share-back exercises in the financial year just ended.

As of 31 December 2023, the Company's total number of issued share capital net of treasury shares was 1,001,919,781 shares.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Audit and Non-Audit Services

	The Group RM	The Company RM
Fees paid/payable:		
Auditors of the Company:		
Statutory audit	325,500	90,000
Non-audit services	3,000	3,000
Other auditors:		
Statutory audit	47,409	–

There are no non-audit fees paid to the external auditors during the financial year.

Material Contracts

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the directors and/or substantial shareholders or contracts relating to loans entered into by the Company and its subsidiaries either still subsisting at the end of the financial year or entered into since the end of the financial year:

i) Subscription Agreement with Alliance Empire Sdn Bhd dated 04 October 2021, to subscribe for, and be allotted 200,000 ordinary shares (representing 20% equity interest) in Alliance Empire Sdn Bhd for a total consideration of RM180.0 million towards the completion and construction of Empire City Mall;

ii) Shareholders' Agreement with Alliance Empire Sdn Bhd, Alliance Premier Sdn Bhd, Exsim Holdings Sdn Bhd and JD Momentum Sdn Bhd in respect of the collaboration on the development and operation of Empire City Mall; and

iii) Share Sale Agreement dated 31 May 2022 with Law Eng Lim and Revongen Corporation Sdn Bhd in respect of the acquisition of 500,000 ordinary shares (representing 100% equity interest) in Reszon Diagnostics International Sdn Bhd for a total consideration of RM180.0 million to be satisfied by a combination of up to RM54.0 million in cash and RM126.0 million by the issuance of 177,690,030 new ordinary shares in the Company.

Corporate Social Responsibility (CSR)

The Company and Group are committed to the ISO 14001 Environmental Management Systems and Standards accreditation where various efforts are implemented and/or intensified to minimise any adverse effects of the manufacturing processes to the environment. In addition, the Company also made some donations to various charities and welfare organisations in the financial year ended 31 December 2023, details of which are disclosed in the Company's Sustainability Statement of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement is prepared in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Board of Directors of public listed companies to include in its Annual Report, a "statement about the state of internal control of the listed issuer as a group".

The Board of Directors of Hextar Healthcare Berhad is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2023.

Board Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control systems. This includes the establishment of an appropriate control environment and risk management framework as well as continually reviewing the adequacy and integrity of the said systems to safeguard our stakeholders' interests and the Group's assets. The system of risk management and internal controls covers finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other statutory regulations, policies and procedures.

Whilst acknowledging its responsibilities, the Board of Directors is also aware of the limitations that are inherent in any systems of internal control and risk management, therefore such systems are designed to manage rather than totally eliminate the risks of failure to achieve business objectives. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements or breaches of laws and/or regulations.

Risk Management Framework

The Group's risk management and internal control framework is a continually updated and ongoing process for identifying, evaluating and managing significant risks impacting the Group. The implementation of the risk management and internal control systems are operated within the Group by qualified personnel and supported by Management throughout the financial year. The Board of Directors, with the assistance of its Audit Committee, has also received assurance from senior Management that the Group's risk management and internal control systems are operating adequately and effectively at the present time.

Internal Audit

The Internal Audit function is an independent out-sourced division in the Group that reports functionally to the Audit Committee. The Internal Auditor meets at least quarterly with the Audit Committee and provides the Committee with objective reports on the state of internal controls within the Group. If necessary, the Internal Auditor also carries out ad-hoc audit assignments under the direction of the Audit Committee.

Other Key Elements of the Group's Internal Control System

The Group's internal control system is designed primarily to facilitate the achievement of the Group's business objectives and comprise, among others, the following salient features:-

- **Organisation structure**
  The organisation structure of the Group includes defined lines of responsibility and delegation of authority to the Committees of the Board as well as authority limits for management and operating units;

- **Group policies and procedures**
  The Group's policies and procedures are set in place to ensure controls are present in authorisation limits as well as compliance to current laws and regulations. These policies and procedures are clearly communicated to employees and include an expected code of conduct and discipline to which employees acknowledge at the time of employment;

- **Budgeting and monitoring processes**
  The operating subsidiary companies within the Group draw up an annual budget plan prior to the commencement of each new financial year that is seen and approved by Management before a Group Annual Budget is compiled and presented to the Board of Directors for consideration. Actual operating results are compared to the forecasted results regularly with variances reviewed and management action taken, where necessary. The Board of Directors is also informed of such variances on a quarterly basis;

Statement on Risk Management and Internal Control (cont'd)

Other Key Elements of the Group's Internal Control System (Cont'd)

The Group's internal control system is designed primarily to facilitate the achievement of the Group's business objectives and comprise, among others, the following salient features:- (Cont'd)

- **Financial Performance Review**
  Regular and comprehensive information are provided to Management, covering financial results and key business indictors such as sales, production volumes, profit margins and cash flow performance;

- **Audit Committee**
  The Audit Committee comprises non-executive members of the Board of Directors, all of whom are independent, and a member that is a qualified accountant. The Audit Committee has full and unrestricted access to any information pertaining to the Group and has direct communication access to both the internal and external auditors of the Group.

Review of the Statement by External Auditors

In accordance to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditor has reviewed this Statement in accordance with the scope set out in the Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the integrity of the system of risk management and internal control of the Group.

Conclusion

The Board has received assurance from the Managing Director that to the best of his knowledge the risk management and internal control of the Group are operating effectively and adequately in all material respects, for the year under review up to the date of approval of this statement. The Board has appraised and confirmed the risk management and internal control system is satisfactory and the control issues highlighted by both Internal and External Auditors have not resulted in any material losses, contingencies or uncertainties that would require disclosure in this report.

This statement was reviewed and approved by the Board in accordance with a resolution of the Board of Directors dated 25 April 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016.

The Directors are also responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2023 set out on pages 91 to 164 of the Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent. Having made adequate enquiries, the Directors have prepared the financial statements on a going concern basis.

The Directors acknowledge the responsibility for ensuring that the Group and the Company keep accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company which enables them to ensure that the financial statements comply with the Companies Act, 2016. The Directors have overall responsibilities for taking such steps so as to safeguard the assets of the Group and of the Company, to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 25 April 2024.

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STATEMENT OF SHAREHOLDINGS
as at 29 March 2024

Total number of Issued Shares	:	1,093,192,881 ordinary shares
Total number of Treasury Shares	:	91,273,100 ordinary shares
Total number of Issued Shares net of Treasury Shares	:	1,001,919,781
Issued and Paid-up Capital net of Treasury Shares	:	RM293,116,951
Voting Rights on a poll	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS FOR ORDINARY SHARES AS AT 29 MARCH 2024

Size of Shareholdings as at 29 March 2024	No. of Holders	% of Holders	No. of Shares (#)	% of Shares (#)
Less than 100	277	1.10	4,050	0.00
100 – 1,000	3,636	14.39	2,528,924	0.25
1,001 – 10,000	13,555	53.66	67,513,647	6.74
10,001 – 100,000	7,063	27.96	215,162,482	21.48
100,001 to less than 5% of issued shares	727	2.88	416,296,195	41.55
5% and above of issued shares	2	0.01	300,414,483	29.98
Total	25,260	100.00	1,001,919,781	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES AS AT 29 MARCH 2024

No.	Names	Shares	% (#)
1	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd (PJCAC)	167,946,565	16.76
2	M & A Nominee (Tempatan) Sdn Bhd - Teh & Lee for Revongen Corporation Sdn Bhd	132,467,918	13.22
3	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	50,000,001	4.99
4	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	44,000,000	4.39
5	CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd (M3918B)	41,000,000	4.09
6	Diamond Silk International Sdn Bhd	9,589,457	0.96
7	Revongen Corporation Sdn Bhd	8,998,130	0. 90
8	Tew Seng Kiea	8,800,000	0.88
9	Maybank Nominees (Tempatan) Sdn Bhd - Olympia Tier Sdn Bhd	8,350,000	0.83
10	Chai Koon Khow	7,206,800	0.72
11	Law Eng Lim	5,000,000	0.50
12	Zainudin Bin Karjan	5,000,000	0.50
13	Kon Choi Ying	3,338,914	0.33
14	Sabri Bin Abd Hamid	3,300,000	0.33
15	Chah Ching Boo	3,000,000	0.30
16	CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Yeow Yuen Fat	2,510,000	0.25
17	Cheng Yoke Phui	2,500,000	0.25
18	Low Chu Mooi	2,400,000	0.24
19	Ong Suan Kim	2,316,092	0.23

Statement of Shareholdings
(cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES AS AT 29 MARCH 2024 (CONT'D)

No.	Names	Shares	% [#]
20	Goh Kong Wang	2,300,000	0.23
21	Law Eng Lim	2,140,035	0.21
22	Mok Yau Choy	2,000,000	0.20
23	Mok Zhi Xuan	2,000,000	0.20
24	Samsuddin Bin Yasir	2,000,000	0.20
25	HSBC Nominees (Asing) Sdn Bhd - TNTC for Metis Equity Trust	1,974,100	0.20
26	Tan Chen Keong	1,800,000	0.18
27	Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for Neogon Holding Fze	1,757,842	0.17
28	Mohamed Bin Hamzah	1,665,920	0.17
29	Goh Mooi Huan	1,569,098	0.16
30	Wong Jin Song	1,500,000	0.15
		528,430,872	52.74

SUBSTANTIAL SHAREHOLDERS FOR ORDINARY SHARES AS AT 29 MARCH 2024
(based on the Register of Substantial Shareholders)

	No. of shares held			
	Direct	% [#]	Indirect	% [#]
Hextar Rubber Sdn Bhd	302,946,566	30.24	–	–
Dato' Ong Choo Meng	–	–	302,946,566	30.24[1]
Revongen Corporation Sdn Bhd	141,466,048	14.12	–	–

Note:
[1] *Deemed interested by virtue of his shareholding held through Hextar Rubber Sdn Bhd.*

DIRECTORS' INTERESTS FOR ORDINARY SHARES AS AT 29 MARCH 2024
(based on the Register of Directors' Shareholdings)

	No. of shares held			
	Direct	% [#]	Indirect	% [#]
Liew Jee Min @ Chong Jee Min	–	–	–	–
Khoo Chin Leng	32,070	0.00	22,812	0.00 [1]
Goh Hsu-Ming	–	–	–	–
Sim Yee Fuan	–	–	–	–
Doris Cheng Chin Ching	–	–	–	–
Lim Siew Eng	–	–	–	–

Note:
[1] *Deemed interested by virtue of his shareholding held through TA Nominees (Tempatan) Sdn. Bhd. and the shareholding of his spouse, Madam Yeoh Pei Hoon.*

Note:
[#] *Excludes a total of 91,273,100 ordinary shares bought back by the Company and held as Treasury Shares as at 29 March 2024.*

DIRECTORS' REPORT

The directors of HEXTAR HEALTHCARE BERHAD hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The information on the name, country of incorporation and place of business, principal activities and proportion of ownership interest and voting power held by the Company in each subsidiary is as disclosed in Note 17 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss for the year attributable to owners of the Company	(64,376,882)	(38,311,012)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the impairment losses on property, plant and equipment and inventories written down to net realisable values at the Group level, as disclosed in the Notes 14 and 20 to the financial statements respectively, and impairment loss on investment in a subsidiary at the Company level, as disclosed in the Note 17 to the financial statements.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any final dividend for the current financial year.

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

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

TREASURY SHARES

Treasury shares related to ordinary shares of the Company are repurchased and are held by the Company in accordance with the requirement of Section 127(4)(b) of the Companies Act, 2016. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

As of the end of the reporting period, the Company held a total of 91,273,100 treasury shares. Further details are disclosed in Note 26(b) to the financial statements.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) 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.

As of the date of this report, there does not exist:

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

(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 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.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made other than those disclosed under Note 37 to the financial statements.

DIRECTORS

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

Mr. Liew Jee Min @ Chong Jee Min
Mr. Khoo Chin Leng
Mr. Goh Hsu-Ming
Ms. Doris Cheng Chin Ching
Ms. Lim Siew Eng
Mr. Sim Yee Fuan (appointed on May 26, 2023)
Dato' Chan Choun Sien (retired on May 26, 2023)
Mr. Lim Chee Lip (resigned on December 29, 2023)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Name of directors	Subsidiaries
Mr. Khoo Chin Leng	RM, DG, RA, RSSL
En. Sabri bin Abd Hamid	RM, DG, RA, RSSL
Mr. Lim Chee Lip	RDISB, RESB, RISB
Mr. Goh Hsu-Ming	RDISB, RESB, RISB
Mr. Law Eng Lim	RDISB

Denotes:

RM	Rubberex (M) Sdn. Berhad
DG	Diamond Grip (M) Sdn. Bhd.
RSSL	Rubberex Spain, S.L.
RA	Rubberex Alliance Sdn. Bhd.
RDISB	Reszon Diagnostics International Sdn. Bhd.
RESB	Rubberex Empire Sdn. Bhd.
RISB	Rubberex International Sdn. Bhd.

DIRECTORS' INTERESTS

The interests in shares in the Company of those who were directors as of the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

Shares in the Company	Number of ordinary shares
Registered in the name of a director	
Mr. Khoo Chin Leng	32,070
Indirect interests	
Mr. Khoo Chin Leng	22,812

There was no movement in the directors' shareholdings during or at the beginning and end of the financial year.

None of the other directors in office at the end of the financial year held shares or had beneficial interests in the shares of the Company or of its subsidiaries during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by directors or the fixed salary of a full-time employee of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 22 to the financial statements.

Directors' remuneration

	The Group RM	The Company RM
Directors' fees	217,370	217,390
Salaries, allowances and bonuses	2,751,200	20,000
Contributions to the Employees' Provident Fund	272,725	–
	3,241,295	237,390
Benefits-in-kind*	75,900	–

* Represents estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and other officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and other officers of the Company. The amount of insurance premium paid/payable during the year amounted to RM17,500.

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

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2023 are as follows:

	The Group RM	The Company RM
Fees paid/payable:		
Statutory audit:		
Current year	372,909	90,000
Prior year	5,000	5,000
Non-audit services	3,000	3,000

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

MR. KHOO CHIN LENG

MR. LIEW JEE MIN @ CHONG JEE MIN

Ipoh,
April 25, 2024

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HEXTAR HEALTHCARE BERHAD**, which comprise the statements of financial position of the Group and of the Company as of December 31, 2023, 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 91 to 164.

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 of December 31, 2023, and of their financial performance and their cash flows for the 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, are of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters are 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.

Key Audit Matters (Cont'd)

Key Audit Matters	How the matters were addressed
<u>Impairment assessment of property, plant and equipment of the Group</u> During the financial year, two subsidiaries namely, Rubberex Alliance Sdn. Bhd. ("RASB") and Reszon Diagnostics International Sdn. Bhd. ("RDISB") recorded operating losses due to: i) persistent oversupply of nitrile disposable gloves in the global market which translated into lowered average selling prices and depressed plant utilisation (RASB); and ii) soft market demand for Covid-19 test kits following the transition of Covid-19 pandemic into endemic phase since April 2022 in Malaysia (RDISB). Based on management's assessment, there are indications of impairment in relation to plant and machinery, lab equipment, including certain factory and auxiliary equipment, electrical installation and capital work-in-progress of RASB and/ or RDISB. As of December 31, 2023, the carrying amounts of property, plant and equipment that were assessed for impairment as mentioned above of RASB and RDISB, were RM100.6 million and RM11.9 million respectively. Impairment losses on property, plant and equipment of RM20.0 million for RASB were recognised in the financial statements of the Group for the financial year ended 2022. For the financial year ended December 31, 2023, impairment losses on property, plant and equipment of RM7.9 million have been recognised for RDISB. **<u>Impairment assessment of investment in a subsidiary of the Company</u>** The above impairment indicators for RDISB have also triggered management to look into the impairment assessment for the cost of investment in RDISB with carrying amount of RM40.8 million as of December 31, 2023. Based on assessment, impairment loss of RM37.3 million was recognised for RDISB for the financial year ended December 31, 2023. The establishment of the recoverable amounts of plant and machinery, lab equipment, including certain factory and auxiliary equipment, electrical installation and capital work-in-progress, and investment in RDISB, using the value-in-use model, required significant management's judgements and estimates, as described in Notes 4(b)(i) and (iv), 14 and 17 to the financial statements respectively, in particular in relation to the forecast of future cash flows, future growth rates and the discount rate applied.	Our audit procedures, amongst others, included the following: • Inquired of management and obtained their assessment on indicators for impairment. • Obtained management's impairment workings, i.e. the value-in-use computation which was based on the Discounted Cash Flows ("DCF") method, • Evaluated whether the DCF method (i.e. valuation technique) and significant assumptions used (i.e. revenue growth rates, discount rate and perpetual growth rate) were appropriate in the context of the financial reporting framework. • Compared information used to develop the significant assumptions against other independent internal or external information for reasonableness. • Corroborated the evaluation of significant assumptions used (as mentioned above) with supporting board minutes and budget and performed corroborative inquiries with personnel, including those outside of the finance department. • Evaluated the competency, capability and objectivity of the management personnel tasked to build the value-in-use valuation. • Engaged internal valuation specialist to assess the discount rate applied in the value-in-use valuation by benchmarking against independent data.

Independent Auditors' Report
(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 Directors' Report and 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (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 year and were 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.

Independent Auditors' Report
(cont'd)

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 17 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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM KENG PEO
Partner - 02939/01/2026 J
Chartered Accountant

Ipoh,
April 25, 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2023

	NOTE	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Revenue	5	154,763,612	174,966,437	–	–
Investment revenue	7	1,724,800	4,074,289	180,407	252,041
Other gains and losses	8	(956,933)	419,695	–	–
Other operating income	10	660,447	1,677,642	–	–
Changes in inventories of work-in-progress, finished and trading goods		(17,235,293)	(41,288,146)	–	–
Purchase of finished and trading goods		(6,940,692)	(3,329,398)	–	–
Raw materials and consumables used		(75,350,605)	(78,556,924)	–	–
Depreciation of property, plant and equipment	14	(17,227,141)	(14,429,877)	–	–
Depreciation of right-of-use assets	16	(2,207,488)	(432,561)	–	
- Impairment loss on investment in a subsidiary	17	–	–	(37,324,816)	–
Impairment losses on property, plant and equipment	14	(7,921,323)	(20,000,000)	–	–
Amortisation of prepaid lease payments	15	(334,320)	(334,320)	–	–
Directors' remuneration	9	(3,241,295)	(3,859,387)	(237,370)	(257,770)
Employee benefit expenses	9	(35,578,713)	(32,630,839)	–	–
Finance costs	11	(822,608)	(604,414)	–	–
Other operating expenses	10	(62,883,323)	(48,851,178)	(929,233)	(2,358,127)
Share of loss of an associate	18	(89,974)	–	–	–
Loss before tax		(73,640,849)	(63,178,981)	(38,311,012)	(2,363,856)
Tax income	12	9,263,967	7,493,554	–	12,197
Loss for the year		(64,376,882)	(55,685,427)	(38,311,012)	(2,351,659)\
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(64,376,882)	(55,685,427)	(38,311,012)	(2,351,659)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		1,850,370	(436,326)	–	–
Items that will not be reclassified subsequently to profit or loss:					
Fair value gains on investment in equity instrument designated as at fair value through other comprehensive Income ("FVTOCI")	19	413,121	–	–	–
OTHER COMPREHENSIVEINCOME/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		2,263,491	(436,326)	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(62,113,391)	(56,121,753)	(38,311,012)	(2,351,659)
Loss per share					
Basic and diluted (sen per share)	13	(6.43)	(6.22)		

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

STATEMENT OF
FINANCIAL POSITION
as of December 31, 2023

	NOTE	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	186,154,034	208,213,864	–	–
Prepaid lease payments	15	15,973,613	16,307,933	–	–
Right-of-use assets	16	4,113,047	4,104,920	–	–
Investments in subsidiaries	17	–	–	27,441,027	64,765,843
Investment in an associate	18	179,910,026	180,000,000	–	–
Other investments	19	1,057,725	644,604	–	–
Deferred tax assets	12	6,611,017	5,356,145	–	–
Total non-current assets		393,819,462	414,627,466	27,441,027	64,765,843
Current assets					
Inventories	20	57,294,132	82,131,986	–	–
Trade and other receivables	21	81,916,780	86,645,887	62,635,736	62,635,736
Amount owing by subsidiaries	22	–	–	193,844,412	195,588,916
Current tax assets	12	16,526,348	11,451,167	382,805	450,273
Other assets	23	2,688,290	4,486,489	1,000	1,000
Other financial assets	24	16,253	2,891	–	–
Deposits, cash and bank balances	25	26,057,090	92,796,326	3,524,029	10,801,474
Total current assets		184,498,893	277,514,746	260,387,982	269,477,399
Total assets		578,318,355	692,142,212	287,829,009	334,243,242
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	26(a)	341,307,848	341,307,848	341,307,848	341,307,848
Treasury shares	26(b)	(48,190,897)	(48,190,897)	(48,190,897)	(48,190,897)
Reserves	27	249,311,770	311,425,161	(26,109,941)	12,201,071
Total equity		542,428,721	604,542,112	267,007,010	305,318,022
Deferred and non-current liabilities					
Borrowings	28	128,261	510,888	–	–
Hire-purchase payables	29	498,274	1,127,103	–	–
Lease liabilities	30	2,943,586	1,648,849	–	–
Deferred tax liabilities	12	1,671,795	11,547,486	–	–
Total deferred and non-current liabilities		5,241,916	14,834,326	–	–

Statement of Financial Position
(cont'd)

	NOTE	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Current liabilities					
Trade and other payables	31	21,790,210	59,990,288	6,426,396	6,426,396
Amount owing to a subsidiary	22	–	–	14,063,118	22,021,033
Amount owing to a director	32	50,060	50,060	–	–
Borrowings	28	91,600	355,914	–	–
Hire-purchase payables	29	605,581	659,230	–	–
Lease liabilities	30	1,370,976	2,481,914	–	–
Current tax liabilities	12	91,000	2,813,158	–	–
Other liabilities	33	6,648,291	6,414,826	332,485	477,791
Other financial liabilities	24	–	384	–	–
Total current liabilities		30,647,718	72,765,774	20,821,999	28,925,220
Total liabilities		35,889,634	87,600,100	20,821,999	28,925,220
Total equity and liabilities		578,318,355	692,142,212	287,829,009	334,243,242

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

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2023

		Attributable to Owners of the Company					
				Non-distributable Reserve		Distributable	
The Group	Note	Share Capital RM	Investment Treasury Shares RM	Revaluation Reserve RM	Reserve Translation Reserve RM	Retained Earnings RM	Total Equity RM
Balance as of January 1, 2022		257,793,534	(24,202,634)	–	574,942	366,971,972	601,137,814
Loss for the year		–	–	–	–	(55,685,427)	(55,685,427)
Other comprehensive loss for the year		–	–	–	(436,326)	–	(436,326)
Total comprehensive loss for the year		–	–	–	(436,326)	(55,685,427)	(56,121,753)
Issuance of new ordinary shares	26(a)	83,514,314	–	–	–	–	83,514,314
Repurchase of ordinary shares	26(b)	–	(23,988,263)	–	–	–	(23,988,263)
Balance as of December 31, 2022/ January 1, 2023		341,307,848	(48,190,897)	–	138,616	311,286,545	604,542,112
Loss for the year		–	–	–	–	(64,376,882)	(64,376,882)
Other comprehensive income for the year		–	–	413,121	1,850,370	–	2,263,491
Total comprehensive income/(loss) for the year		–	–	413,121	1,850,370	(64,376,882)	(62,113,391)
Balance as of December 31, 2023		341,307,848	(48,190,897)	413,121	1,988,986	246,909,663	542,482,721

the accompanying Notes form an integral part of the financial statements.

Statement of Changes In Equity
(cont'd)

The Company	Note	Share Capital RM	Treasury Shares RM	Distributable Reserve Retained Earnings/ (Accumulated Losses) RM	Net Equity RM
		← Attributable to Owners of the Company			→
Balance as of January 1, 2022		257,793,534	(24,202,634)	14,552,730	248,143,630
Loss and total comprehensive loss for the year		–	–	(2,351,659)	(2,351,659)
Issuance of new ordinary shares	26(a)	83,514,314	–	–	83,514,314
Repurchase of ordinary shares	26(b)	–	(23,988,263)	–	(23,988,263)
Balance as of December 31, 2022/ January 1, 2023		341,307,848	(48,190,897)	12,201,071	305,318,022
Loss and total comprehensive loss for the year		–	–	(38,311,012)	(38,311,012)
Balance as of December 31, 2023		341,307,848	(48,190,897)	(26,109,941)	267,007,010

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

STATEMENT OF CASH FLOWS

for the year ended December 31, 2023

The Group	Note	2023 RM	2022 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		(64,376,882)	(55,685,427)
Adjustments for:			
Inventories written down to net realisable values		29,616,241	32,780,583
Depreciation of property, plant and equipment		17,227,141	14,429,877
Impairment losses on property, plant and equipment		7,921,323	20,000,000
Loss allowances on receivables - net		5,084,634	17,584
Inventories written off		2,041,205	1,439,359
Depreciation of right-of-use assets		2,207,488	432,561
Loss on disposal of property, plant and equipment		1,216,867	29,979
Prepaid expenses written off		889,800	–
Finance costs		822,608	604,414
Property, plant and equipment written off		656,649	–
Amortisation of prepaid lease payments		334,320	334,320
Rental deposit paid forfeited		294,004	–
Share of loss of an associate		89,974	–
Bad debts written off		50,538	69,181
Tax income recognised in profit or loss		(9,263,967)	(7,493,554)
Investment revenue recognised in profit or loss		(1,724,800)	(4,074,289)
Unrealised gains on foreign exchange		(315,819)	(835,663)
Advance payments received forfeited		(200,779)	–
Gain arising from termination of leases		(76,352)	–
Interest income recognised in profit or loss		(34,909)	(7,645)
Fair value (gain)/loss on financial asset designated as at FVTPL		(19,357)	20,751
Fair value gains on financial derivatives		(16,253)	(2,507)
Final distribution from a subsidiary upon completion of liquidation		–	(1,342,232)
Gain from a bargain purchase		–	(582,305)
		(7,576,326)	134,987
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(5,350,739)	15,962,458
Trade and other receivables		(172,280)	7,778,132
Other assets		(160,765)	304,942
Other financial assets		2,507	89,030
(Decrease)/Increase in:			
Trade and other payables		(1,046,436)	(19,050,227)
Amount owing to a director		–	22,115
Other liabilities		182,300	(9,983,066)
Cash Used In Operations		(14,121,739)	(4,741,629)
Income tax refunded		120,800	–
Interest received		34,909	7,645
Income tax paid		(9,338,929)	(15,572,393)
Net Cash Used In Operating Activities		(23,304,959)	(20,306,377)

Statement of Cash Flows
(cont'd)

The Group	Note	2023 RM	2022 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Investment revenue received		1,710,663	3,906,502
Proceeds from disposal of property, plant and equipment		1,275,366	147,362
Withdrawal of fixed deposits		71,452	–
Fair value change of financial asset designated as at FVTPL		19,357	–
Consideration paid for acquisition of an associate		(37,142,740)	(142,857,260)
Purchase of property, plant and equipment	35(a)(i)	(5,403,346)	(13,855,725)
Final distribution received from a subsidiary upon completion of liquidation		–	1,342,232
Acquisition of a subsidiary, net of cash and cash equivalents	17	–	(7,885,229)
Advance payments made for purchase of property, plant and equipment		–	(796,792)
Net Cash Used In Investing Activities		(39,469,248)	(159,998,910)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of lease liabilities	35(b)	(1,958,810)	(1,014,214)
Finance costs paid		(822,608)	(604,414)
Repayment of hire–purchase payables	35(b)	(682,478)	(112,919)
Repayment of term loans	35(b)	(646,941)	(69,941)
Repurchase of ordinary shares	26(b)	–	(23,988,263)
Net Cash Used In Financing Activities		(4,110,837)	(25,789,751)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(66,885,044)	(206,095,038)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		92,328,071	298,363,373
Effect of exchange rate changes on the balance of cash held in foreign currencies		206,663	59,736
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	35(c)	25,649,690	92,328,071

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

Statement of Cash Flows
(cont'd)

The Company	Note	2023 RM	2022 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		(38,311,012)	(2,351,659)
Adjustments for:			
Impairment loss on investment in a subsidiary		37,324,816	–
Investment revenue recognised in profit or loss		(180,407)	(252,041)
Tax income recognised in profit or loss		–	(12,197)
		(1,166,603)	(2,615,897)
Movements in working capital:			
(Decrease)/Increase in other liabilities - accrued expenses		(145,306)	136,502
Cash Used In Operations		(1,311,909)	(2,479,395)
Income tax refunded		120,800	–
Income tax paid		(53,332)	(327,447)
Net Cash Used In Operating Activities		(1,244,441)	(2,806,842)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from subsidiaries - Net		1,744,504	43,748,081
Investment revenue received		180,407	252,041
Acquisition of shares in subsidiaries	17	–	(13,501,001)
Net Cash From Investing Activities		1,924,911	30,499,121
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
(Repayment to)/Advances from a subsidiary - Net	35(b)	(7,957,915)	1,235,000
Repurchase of ordinary shares	26(b)	–	(23,988,263)
Net Cash Used In Financing Activities		(7,957,915)	(22,753,263)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,277,445)	4,939,016
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		10,801,474	5,862,458
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	35(c)	3,524,029	10,801,474

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended December 31, 2023

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding.

The information on the name, country of incorporation and place of business, principal activities and proportion of ownership interest and voting power held by the Company in each subsidiary is as disclosed in Note 17.

The registered office of the Company is located at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan, Malaysia.

The principal place of business of the Company is located at Lot 138201, Off 3/4 Mile, Jalan Bercham, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan, Malaysia.

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

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 on April 25, 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

(a) Adoption of new and amendments to MFRSs

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except for the following:

Impact of the application of amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*

The Group and the Company have adopted the amendments to MFRS 101 for the first time in the current year. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to transactions, other events or conditions that is immaterial need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(b) Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant amendments to MFRSs which have been issued but not yet effective until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these amendments to MFRSs when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to MFRS 101	Non-current Liabilities with Covenants[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[1]
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements[1]
Amendments to MFRS 121	Lack of Exchangeability[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced by MASB, with earlier application permitted.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for the financial instruments as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 as of the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 Inventories or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

The accounting policies adopted are set out below:

Going Concern

The directors have, as of the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company and its subsidiaries:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

As of acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits respectively*;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Business Combinations (Cont'd)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with MFRS 9 *Financial Instruments* or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Investment in An Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate is incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Group's interests in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment in an associate is stated at cost less accumulated impairment losses, in the separate financial statements of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Revenue Recognition

Contract with customers

Revenue from sale of glove products is recognise at the point of time where control of the goods have been transferred to the customer.

Contracts with export sales are mainly negotiated on free-on-board ("FOB") or cost-insurance-freight ("CIF") terms. For local sales, gloves are delivered via lorries or other forms of inland transportation locally. To a lesser extent, the Group also carries out trading activities with goods purchased from third parties and shipped or delivered directly to customers. Depending on the terms of the contract with the customer, control transfers upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer.

If shipping or similar handling costs are charged to customers, this implies that the seller is ultimately responsible for the delivery of the goods up to the customer's final destination, hence, such billings are also recognised as revenue.

Revenue is measured at the fair value of the consideration for the goods received or receivable, net of any sales tax, value-added tax or trade discounts. No element of financing is included in the selling prices as the consideration is received or receivable on a cash basis or within short credit terms of up to 180 days.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Segment Reporting

For management purposes, the Group is organised into operating segments that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments were identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's reportable segments are strategic business operations that are managed separately based on the Group's management and internal reporting structure.

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. As of the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing as of the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risk; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign incorporated subsidiaries of the Group are expressed in RM using exchange rates prevailing as of the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates as of the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences accumulated in the translation reserve of the Group are reclassified to profit or loss in the year in which the foreign incorporated subsidiary is disposed of.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing as of the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Taxation (Cont'd)

Deferred tax (Cont'd)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed as of the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, as of the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or an income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income or equity, in which case the tax is also recognised directly in other comprehensive income or equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and capital work-in-progress are not amortised/depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than freehold land and capital work-in-progress, over their estimated useful lives, after taking into account their estimated residual values using the straight-line method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Property, Plant and Equipment (Cont'd)

The annual depreciation rates are as follows:

Factory buildings	2%
Plant and machinery	5% to 25%
Factory auxiliary and office equipment, furniture and fittings	5% to 28%
Electrical installation	5% to 10%
Motor vehicles	10% to 20%
Renovation	10%

The estimated useful lives, residual values and depreciation method are reviewed as of the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment under Hire Purchase Arrangements

Assets acquired under hire-purchase arrangements, which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the assets under hire purchase at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis 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 lease liability is initially measured at the present value of the lease payments that are not paid as of the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Leases

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and to remove a leased asset, to restore the site on which it is located or to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset 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. The depreciation starts at the commencement date of the lease.

The right-of-use assets, including prepaid leased payments, are presented as a separate line in the statement of financial position. Leasehold land that normally has an indefinite economic life and where the title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payments made on entering into or acquiring a leasehold interest represent right-of-use assets and are amortised over the remaining lease periods ranging from 46 to 99 years.

The Group applies MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of Assets' policy.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'other operating expenses' in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Impairment of Non-Financial Assets

As of the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than deferred tax assets, inventories and financial assets which are dealt with in their respective policies) to determine if there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" and "First-in First-out" method. The cost of raw materials, packing materials, trading goods, parts and consumables comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. The cost of finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets

All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirely at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding are measured subsequently at amortised cost.

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding are measured subsequently at fair value through other comprehensive income ("FVTOCI").

By default, all other financial assets are measured subsequently at FVTPL.

(a) Amortised cost and effective interest method

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 exactly 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 ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI.

(b) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. The Group designated its investment in unquoted shares that are not held for trading as at FVTOCI on initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

(i) Classification of financial assets (Cont'd)

(b) Equity instruments designated as at FVTOCI (Cont'd)

A financial asset is held for trading if either:

- It has been acquired principally for the purpose of selling it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(c) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value as of the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as of the end of each reporting period. For financial assets measured at amortised cost and at FVTPL, exchange differences are recognised in profit or loss.

(iii) Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets that are measured at amortised cost such as trade receivables, other receivables and inter-company indebtedness (for company level). The amount of ECL is updated as of the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions as of the end of the reporting period, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the end of the reporting period.

(a) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

(b) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount as of the end of the reporting period.

For financial assets, 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 Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amounts through a loss allowance account.

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interests in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised at cost, including transaction costs, and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(b) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Financial liabilities and equity instruments (Cont'd)

(i) Classification as debt or equity (Cont'd)

(c) Financial guarantee contract liabilities

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 payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 *Financial Instruments* (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(ii) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as of the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial liabilities. These foreign exchange gains and losses are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as of the end of the reporting period.

(iii) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group and the Company exchange with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group and the Company account for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss.

Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the period, for the effects of all dilutive potential ordinary shares.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances and investment in money market fund which form an integral part of the Group's cash management and highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

In the application of the accounting policies of the Group and of the Company, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

(i) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. If there are signs of impairment, then a review of recoverable amount is performed. The recoverable amount is determined based on value-in-use calculations. These calculations use pre-tax cash flows projections based on one-year financial budget approved by the directors and a financial forecast covering subsequent four years period plus a terminal value.

The carrying amount, key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed under Note 14.

(ii) Write-down in value of inventories

The costs of inventories are written-down when events or changes in circumstances indicate that the costs may not be recoverable. The amount of inventories to be written down is based on an assessment of the net realisable values of the inventories through sales. The determination of net realisable amount of an inventory required the use of judgement and estimates.

When the expectation is different from the original estimate, such difference will impact the carrying amounts of the inventories and write-down in value expenses in the period in which such estimate has changed.

The carrying amounts of inventories are disclosed under Note 20.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(iii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the entities in which the deferred tax assets have been recognised.

The carrying amounts of deferred tax assets are disclosed under Note 12.

(iv) Impairment of investments in subsidiaries

The Company holds unquoted shares in subsidiaries that are not traded in an active market. The Company used pre-tax cash flow projections based on one-year financial budget approved by the directors and a financial forecast covering subsequent four years period plus a terminal value.

The carrying amount, key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 17.

5. REVENUE

The following is an analysis of the Group's and of the Company's revenue for the year:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sale of manufactured products	133,156,045	149,914,862	–	–
Sale of trading products	21,607,567	25,051,575	–	–
	154,763,612	174,966,437	–	-

6. SEGMENT REPORTING

The segment reporting is presented in a manner which is consistent with internal reporting provided to the chief operating decision maker, which is the Managing Director of the Group and senior management.

The Group's reportable segments are segregated into the following operating activities:

- Gloves operation
- Medical devices operation
- Investment holding

6. SEGMENT REPORTING (CONT'D)

Business segments by operating activities

The following is an analysis of the Group's revenue and results by reportable segments:

The Group 2022	Gloves operation RM	Medical devices operation RM	Investment holding RM	Eliminations RM	Total RM
Revenue	177,454,446	8,199,240	709,898	(31,599,972)	154,763,612
Results					
Segment results	(39,052,751)	(32,440,850)	(40,674,477)	37,625,037	(74,543,041)
Investment revenue					1,724,800
Finance costs					(822,608)
Loss before tax					(73,640,849)
Tax income					9,263,967
Loss for the year					(64,376,882)
Assets					
Segment assets	306,342,490	13,386,123	258,589,742	–	578,318,355
Liabilities					
Segment liabilities	25,808,699	3,279,554	6,801,381	–	35,889,634
Other Information					
Capital expenditure	6,201,604	25,034	–	–	6,226,638
Inventories written down to net realisable values	21,305,885	8,310,356	–	–	29,616,241
Inventories written off	187,725	1,853,480	–	–	2,041,205
Depreciation and amortisation charges	16,425,932	3,329,713	192,436	(179,132)	19,768,949
Impairment losses on property, plant and equipment	–	7,921,323	–	–	7,921,323
Loss allowances on receivables - net	2,500,000	84,634	2,500,000	–	5,084,634

6. SEGMENT REPORTING (CONT'D)

Business segments by operating activities (Cont'd)

The Group 2022	Gloves operation RM	Medical devices operation RM	Investment holding RM	Eliminations RM	Total RM
Revenue	216,470,008	5,110,128	–	(46,613,699)	174,966,437
Results					
Segment results	(69,036,913)	410,105	(2,624,440)	4,602,392	(66,648,856)
Investment revenue					4,074,289
Finance costs					(604,414)
Loss before tax					(63,178,981)
Tax income					7,493,554
Loss for the year					(55,685,427)
Assets					
Segment assets	384,156,158	52,635,189	255,350,865	–	692,142,212
Liabilities					
Segment liabilities	31,838,448	11,671,462	44,090,190	–	87,600,100
Other Information					
Capital expenditure	19,071,826	21,260	–	(2,355,100)	16,737,986
Inventories written down to net realisable values	32,780,583	–	–	–	32,780,583
Inventories written off	1,439,359	–	–	–	1,439,359
Depreciation and amortisation charges	15,464,978	(21,176)	–	(247,044)	15,196,758
Impairment losses on property, plant and equipment	20,000,000	–	–	–	20,000,000
Loss allowances on receivables - net	–	17,584	–	–	17,584

For the purposes of monitoring segment performance and allocation of resources between segments, all assets and liabilities that are allocated to reportable segments are managed on a group basis.

6. SEGMENT REPORTING (CONT'D)

Revenue from sales to external customers by location of customers are as follows:

	The Group 2023 RM	The Group 2022 RM
Europe	86,805,791	113,080,112
Asia	8,829,580	1,424,846
North and South America	37,584,683	39,116,513
Rest of the world	21,543,558	21,344,966
	154,763,612	174,966,437

7. INVESTMENT REVENUE

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Interest income from:				
Fixed and short-term deposits	1,387,503	4,005,232	180,407	252,041
Others	304,490	57,343	–	–
Income from money market fund	32,807	11,714	–	–
	1,724,800	4,074,289	180,407	252,041

The following is an analysis of investment revenue by category of assets:

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Financial assets measured at:				
Amortised cost	1,691,993	4,062,575	180,407	252,041
FVTPL	32,807	11,714	–	–
	1,724,800	4,074,289	180,407	252,041

Notes to The Financial Statements
(cont'd)

8. OTHER GAINS AND LOSSES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unrealised gains on foreign exchange	315,819	835,663	–	–
Gain arising from termination of leases	76,352	–	–	–
Fair value gain/(loss) on financial asset designated as at FVTPL	19,357	(20,751)	–	–
Fair value gains on financial derivatives designated as at FVTPL	16,253	2,507	–	–
Realised losses on foreign exchange	(167,847)	(950,050)	–	–
Loss on disposal of property, plant and equipment	(1,216,867)	(29,979)	–	–
Gain on bargain purchase (Note 17)	–	582,305	–	–
	(956,933)	419,695	–	–

9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES

Included in employee benefit expenses are the following:

	The Group	
	2023 RM	2022 RM
Statutory contributions	2,886,405	2,647,968
Expense relating to short-term leases	192,160	365,770

Details of remuneration of directors of the Group and of the Company are as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	1,499,820	2,264,390	–	–
Statutory contributions	124,956	174,247	–	–
	1,624,776	2,438,637	–	–
Executive directors of the subsidiaries:				
Salaries and bonuses	1,231,380	1,038,260	–	–
Statutory contributions	147,769	124,720	–	–
	1,379,149	1,162,980	–	–
Non-executive directors:				
Fees	217,370	232,770	217,370	232,770
Allowances	20,000	25,000	20,000	25,000
	237,370	257,770	237,370	257,770
	3,241,295	3,859,387	237,370	257,770

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM75,900 (2022: RM75,900).

9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES (CONT'D)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly which includes executive directors of the Group and certain members of senior management of the Group.

The remuneration of members of key management personnel (other than the executive directors) of the Group during the year are as follows:

	The Group	
	2023 RM	2022 RM
Short-term employee benefits	1,329,645	2,177,227
Statutory contributions	159,857	250,070
	1,489,502	2,427,297

The estimated monetary value of benefits-in-kind received and receivable by members of key management personnel otherwise than in cash from the Group amounted to RM22,200 (2022: RM22,200).

10. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Advance payments received forfeited	200,779	–	–	–
Interest income	34,909	7,645	–	–
Prepaid expenses written off	(889,800)	–	–	–
Rental deposit paid forfeited	(294,004)	–	–	–
Property, plant and equipment written off	(656,649)	–	–	–
Auditors' remuneration:				
Deloitte PLT and its affiliates:				
Statutory audit:				
Current year	(325,500)	(252,500)	(90,000)	(79,500)
Prior year	(5,000)	–	(5,000)	–
Non-audit services	(3,000)	(3,000)	(3,000)	(3,000)
Other auditors:				
Statutory audit	(47,409)	(45,681)	–	–
Expense relating to short–term leases	(725,607)	(906,930)	–	–
Bad debts written off	(50,538)	(69,181)	–	–
Loss allowances on receivables - net (Note 21)	(5,084,634)	(17,584)	–	–
Final distribution from a subsidiary upon completion of liquidation	–	1,342,232	–	–

11. FINANCE COSTS

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Interest on:				
Term loans	45,235	16,824	–	–
Bank overdrafts	7,327	12,573	–	–
Lease liabilities (Notes 16 & 30)	358,817	152,639	–	–
Hire-purchase payables	88,850	13,739	–	–
Bank charges and commitment fees	322,379	408,639	–	–
Total interest expenses for financial liabilities that are not designated as at FVTPL	822,608	604,414	–	–

12. TAX INCOME

	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
Tax (income)/expense comprise:				
Current income tax expense:				
Malaysian	1,265,600	2,210,167	–	–
Adjustment recognised in the current year in relation to the income tax of prior year	155,167	1,768,207	–	(12,197)
	1,420,767	3,978,374	–	(12,197)
Deferred tax relating to origination and reversal of temporary differences:				
Current year:				
Malaysian	(10,410,968)	(11,786,928)	–	–
Foreign	(620,766)	–	–	–
Adjustment recognised in the current year in relation to the deferred tax of prior year	347,000	315,000	–	–
	(10,684,734)	(11,471,928)	–	–
Total tax income	(9,263,967)	(7,493,554)	–	(12,197)

12. TAX INCOME (CONT'D)

The tax income for the year can be reconciled to the accounting loss as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax	(73,640,849)	(63,178,981)	(38,311,012)	(2,363,856)
Loss calculated at 24% (2022: 24%)	(17,674,000)	(15,163,000)	(9,195,000)	(567,000)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	3,067,866	5,727,841	9,118,000	489,000
Unutilised tax losses not recognised as deferred tax asset	2,519,000	–	–	–
Temporary differences arising from inventories written down to net realisable values not recognised as deferred tax asset	1,994,000	–	–	–
Temporary differences arising from property, plant and equipment not recognised as deferred tax asset	268,000	–	–	–
Loss not available for off-set against future taxable profit	77,000	78,000	77,000	78,000
Share of loss of an associate	22,000	–	–	–
Income that is not taxable in determining taxable profit	(15,000)	(5,000)	–	–
Effect of different tax rates in other jurisdictions	(25,000)	(214,602)	–	–
	(9,766,134)	(9,576,761)	–	–
Adjustment recognised in the current year in relation to the income tax of prior year	155,167	1,768,207	–	(12,197)
Adjustment recognised in the current year in relation to the deferred tax of prior year	347,000	315,000	–	–
Tax income recognised in profit or loss	(9,263,967)	(7,493,554)	–	(12,197)

12. TAX INCOME (CONT'D)

Malaysian income tax rate remained at 24% (2022: 24%) for the year of assessment 2023. Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax assets				
Tax refund receivables	16,526,348	11,451,167	382,805	450,273
Current tax liabilities				
Income tax payables	91,000	2,813,158	–	–

Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	The Group	
	2023 RM	2022 RM
Deferred tax assets	6,611,017	5,356,145
Deferred tax liabilities	(1,671,795)	(11,547,486)
	4,939,222	(6,191,341)

12. TAX INCOME (CONT'D)

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Balance as of January 1 RM	Arising from acquisition of a subsidiary (Note 17) RM	Recognised in profit or loss RM	Net foreign currency exchange differences RM	Balance as of December 31 RM
The Group					
2023					
Deferred tax (liabilities)/assets					
Property, plant and equipment, right-of-use asset and lease liabilities	(23,734,795)	–	4,724,000	–	(19,010,795)
Unrealised gains on inventories	360,309	–	(221,032)	–	139,277
Unrealised foreign exchange differences	81,000	–	(156,000)	–	(75,000)
Unutilised tax losses and unabsorbed tax capital allowances	10,944,145	–	7,382,766	445,829	18,772,740
Inventories written down to net realisable values	6,158,000	–	(1,045,000)	–	5,113,000
	(6,191,341)	–	10,684,734	445,829	4,939,222
2022					
Deferred tax (liabilities)/assets					
Property, plant and equipment, right-of-use assets and lease liabilities	(18,724,795)	(481,400)	(4,528,600)	–	(23,734,795)
Unrealised gains on inventories	1,358,983	–	(998,674)	–	360,309
Unrealised foreign exchange differences	145,000	(16,600)	(47,400)	–	81,000
Unutilised tax losses and unabsorbed tax capital allowances	–	–	10,888,602	55,543	10,944,145
Inventories written down to net realisable values	–	–	6,158,000	–	6,158,000
	(17,220,812)	(498,000)	11,471,928	55,543	(6,191,341)

12. TAX INCOME (CONT'D)

Deferred tax assets/(liabilities) recognised in the financial statements are in respect of the tax effects on the followings:

	2023 RM	2022 RM
Deferred tax liabilities (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment, right-of-use assets and lease liabilities	(19,261,795)	(23,986,795)
Unrealised foreign exchange differences	(75,000)	(2,000)
	(19,336,795)	(23,988,795)
Offsetting	17,665,000	12,441,309
Deferred tax liabilities after offsetting	(1,671,795)	(11,547,486)
Deferred tax assets (before offsetting):		
Property, plant and equipment, right-of-use assets and lease liabilities	558,000	252,000
Unutilised tax losses and unabsorbed tax capital allowances	26,199,740	10,944,145
Inventories written down to net realisable values	7,107,000	6,158,000
Unabsorbed reinvestment allowances	187,000	–
Unrealised gains on inventories	139,277	360,309
Unrealised foreign exchange differences	–	83,000
	34,191,017	17,797,454
Offsetting	(17,665,000)	(12,441,309)
	16,526,017	5,356,145
Deferred tax assets recognised	(6,611,017)	(5,356,145)
Deferred tax assets not recognised	9,915,000	–

As mentioned in Note 3, the tax effects of deductible temporary differences which would give rise to deferred tax assets are generally recognised 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. As of December 31, 2023, the amounts of deductible temporary differences, unused tax losses and unused tax credits which are not recognised in the financial statements due to uncertain availability of future taxable income, are as follows:

	2023 RM	2022 RM
Deferred tax assets not recognised:		
Unutilised tax losses	30,944,000	–
Inventories written down to net realisable values	8,310,000	–
Property, plant and equipment	1,276,000	–
Unabsorbed reinvestment allowances	779,000	–
	41,309,000	–
Tax effect at 24%	9,915,000	–

12. TAX INCOME (CONT'D)

The unutilised tax losses of the Group are expected to be disregarded by the end of year of assessment:

	2023 RM	2022 RM
2032	486,000	2,135,000
2033	39,574,000	–
	40,060,000	2,135,000

The unabsorbed reinvestment allowances of the Group of RM779,000 (2022: Nil) will be disregarded by the end of year of assessment 2033.

13. LOSS PER SHARE

The basic and diluted loss per share are calculated as follows:

	The Group	
	2023 RM	2022 RM
Loss for the year attributable to owners of the Company	(64,376,882)	(55,685,427)

	2023 Shares	2022 Shares
Number of ordinary shares in issue as of January 1	1,093,192,881	915,502,851
Number of treasury shares as of January 1	(91,273,100)	(41,600,000)
Issuance of new shares	–	44,422,508
Ordinary shares repurchased	–	(23,294,142)
Weighted average number of ordinary shares in issue as of December 31	1,001,919,781	895,031,217

	2023 Sen	2022 Sen
Basic and diluted loss per share	(6.43)	(6.22)

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
Cost									
Balance as of January 1, 2022	3,545,041	69,227,647	272,708,976	21,330,000	7,796,020	4,839,441	–	12,768,900	392,216,025
Additions	–	751,364	4,607,390	597,815	23,000	425,000	–	10,333,417	16,737,986
Arising from acquisition of a subsidiary (Note 17)	–	–	16,284,897	2,135,018	283,494	511,471	685,126	–	19,900,006
Disposals	–	–	(71,500)	(9,970)	–	(272,060)	–	–	(353,530)
Write offs	–	–	(1,056,786)	–	–	(80,791)	–	–	(1,137,577)
Reclassifications	–	3,727,242	6,677,457	868,500	–	–	–	(11,273,199)	–
Net foreign currency exchange differences	–	–	–	(5,143)	–	–	–	–	(5,143)
Balance as of December 31, 2022/January 1, 2023	3,545,041	73,706,253	299,150,434	24,916,220	8,102,514	5,423,061	685,126	11,829,118	427,357,767
Additions	–	732,336	3,042,750	140,671	–	425,000	22,000	1,863,881	6,226,638
Disposals	–	–	(1,541,685)	(1,102,402)	–	(1,128,595)	–	–	(3,772,682)
Write offs	–	–	(915,032)	(153,644)	(42,793)	(121,500)	(227,956)	–	(1,460,925)
Reclassifications	–	154,500	12,843,331	–	–	–	–	(12,997,831)	–
Net foreign currency exchange differences	–	–	–	68,813	–	–	–	–	68,813
Balance as of December 31, 2023	3,545,041	74,593,089	312,579,798	23,869,658	8,059,721	4,597,966	479,170	695,168	428,419,611

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory, auxiliary and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Renovation RM	Capital work-in progress RM	Total RM
Accumulated depreciation and impairment losses									
Balance as of January 1, 2022	–	19,116,379	148,484,924	13,391,636	1,105,786	2,051,059	–	–	184,149,784
Charge for the year	–	1,258,214	11,183,084	1,182,847	395,567	384,066	26,099	–	14,429,877
Arising from acquisition of a subsidiary (Note 17)	–	–	1,523,134	201,609	25,031	109,059	23,484	–	1,882,317
Impairment losses for the year	–	–	18,155,689	893,311	–	–	–	951,000	20,000,000
Disposals	–	–	(9,533)	(1,075)	–	(165,581)	–	–	(176,189)
Write offs	–	–	(1,056,786)	–	–	(80,791)	–	–	(1,137,577)
Reclassifications	–	194,125	(194,125)	–	–	–	–	–	–
Net foreign currency exchange differences	–	–	–	(4,309)	–	–	–	–	(4,309)
Balance as of December 31, 2022/January 1, 2023	–	20,568,718	178,086,387	15,664,019	1,526,384	2,297,812	49,583	951,000	219,143,903
Charge for the year	–	1,337,224	13,411,037	1,359,390	416,549	411,416	291,525	–	17,227,141
Impairment losses for the year	–	–	7,799,423	–	121,900	–	–	–	7,921,323
Disposals	–	–	(312,630)	(192,030)	–	(775,789)	–	–	(1,280,449)
Write offs	–	–	(622,968)	(27,801)	(4,415)	(121,500)	(27,592)	–	(804,276)
Reclassifications	–	–	951,000	–	–	–	–	(951,000)	–
Net foreign currency exchange differences	–	–	–	57,935	–	–	–	–	57,935
Balance as of December 31, 2023	–	21,905,942	199,312,249	16,861,513	2,060,418	1,811,939	313,516	–	242,265,577
Carrying amount									
Balance as of December 31, 2023	3,545,041	52,687,147	113,267,549	7,008,145	5,999,303	2,786,027	165,654	695,168	186,154,034
Balance as of December 31, 2022	3,545,041	53,137,535	121,064,047	9,252,201	6,576,130	3,125,249	635,543	10,878,118	208,213,864

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment of the Group are the following assets under hire-purchase financing arrangements:

The Group 2023	Cost RM	Accumulated depreciation and impairment losses RM	Carrying amount RM
Plant and machinery	2,289,659	1,627,240	662,419
Motor vehicles	511,471	168,730	342,741
	2,801,130	1,795,970	1,005,160
2022			
Plant and machinery	2,914,769	285,543	2,629,226
Motor vehicles	511,471	117,583	393,888
	3,426,240	403,126	3,023,114

Impairment losses recognised in the year

Rubberex Alliance Sdn. Bhd. ("RASB")

RASB recorded operating losses for the current and prior financial years due to exceptionally low production utilisation rate as a result of lowered market demand and decreased average selling prices for nitrile disposable gloves.

As the indication of impairment continues to exist in current year, the directors have undertaken an impairment review by establishing the recoverable amounts of the plant and machinery, including certain factory and auxiliary equipment and capital work-in-progress of RASB, using the value-in-use model. Based on the review, impairment losses of Nil (2022: RM20,000,000) are recognised during the financial year.

The principal assumptions used for the impairment review are as follows:

- Discount rate - A pre-tax discount rate of 15.35% (2022: 15.50%) was used in the calculation of recoverable amounts that reflects the current market assessment and the risks specific to RASB.
- Perpetual growth rate - 2.10% (2022: 2.80%), that reflects the inflation rate, was used in the calculation of terminal value, including maintainable capital expenditure.
- Revenue growth rates - Based on management's expectations of revenue, drawing from past experience and current assessment of the market and industry growth.

Sensitivity to changes in key assumptions

The sensitivity analysis below has been determined based on reasonably possible changes of the key assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 0.25% (2022: 0.20%) higher/lower, the impairment losses would increase by RM2,464,917 (2022: RM2,418,501) or decrease by RM2,742,389 (2022: RM2,104,975).
- If the perpetual growth rate is 0.5% higher/lower, the impairment losses would decrease by RM3,661,281 (2022: RM3,759,286) or increase by RM3,228,110 (2022: RM3,848,585).

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Reszon Diagnostics International Sdn. Bhd. ("RDISB")

RDISB recorded operating losses for the current financial year due to exceptionally low production utilisation rate as a result of lowered market demand for medical diagnostic products especially Covid-19 test kits.

As the indication of impairment existed, the directors have undertaken an impairment review by establishing the recoverable amounts of the lab equipment, including certain electrical installation of RDISB, using the value-in-use model. Based on the review, impairment losses of RM7,921,323 are recognised during the financial year.

The principal assumptions used for the impairment review are as follows:

- Discount rate - A pre-tax discount rate of 13.90% was used in the calculation of recoverable amounts that reflects the current market assessment and the risks specific to RDISB.
- Perpetual growth rate - 2.10%, that reflects the inflation rate, was used in the calculation of terminal value, including maintainable capital expenditure.
- Revenue growth rates - Based on management's expectations of revenue, drawing from past experience and current assessment of the market and industry growth.

Sensitivity to changes in key assumptions

The sensitivity analysis below has been determined based on reasonably possible changes of the key assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1.1% higher/0.4% lower, the impairment losses would increase by RM307,117 or decrease by RM121,086.
- If the perpetual growth rate is 0.5% higher/lower, the impairment losses would decrease by RM96,964 or increase by RM96,067.

15. PREPAID LEASE PAYMENTS

The Group	Leasehold land 2023 RM	 2022 RM
At cost		
Balance as of beginning/end of year	17,445,437	17,445,437
Accumulated amortisation		
Balance as of beginning of year	1,137,504	803,184
Amortisation	334,320	334,320
Balance as of end of year	1,471,824	1,137,504
Carrying amount		
Balance as of end of year	15,973,613	16,307,933

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16. RIGHT-OF-USE ASSETS

The Group	Factories and warehouses 2023 RM	2022 RM
Cost		
Balance as of beginning of year	8,570,807	4,169,265
Arising from acquisition of a subsidiary (Note 17)	–	4,431,007
Additions	2,604,822	–
Adjustment	125,823	–
Termination of leases	(1,781,523)	–
Net foreign currency exchange differences	421,683	(29,465)
Balance as of end of year	9,941,612	8,570,807
Accumulated depreciation		
Balance as of beginning of year	4,465,887	2,384,186
Charge during the year	2,207,488	432,561
Arising from acquisition of a subsidiary (Note 17)	–	1,657,187
Termination of leases	(1,136,904)	–
Net foreign currency exchange differences	292,094	(8,047)
Balance as of end of year	5,828,565	4,465,887
Carrying amount		
Balance as of end of year	4,113,047	4,104,920

The lease terms of the right-of-use assets ranged from 2 to 5 (2022: 2 to 5) years. The maturity analysis of lease liabilities is disclosed in Note 30.

The Group	2023 RM	2022 RM
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	(2,207,488)	(432,561)
Expense relating to short-term leases (Notes 9 & 10)	(917,767)	(1,272,700)
Interest expense on lease liabilities (Notes 11)	(358,817)	(152,639)
Gain arising from termination of leases	76,352	–

The total cash outflows for leases, including short-term leases, amount to RM3,235,394 (2022: RM2,439,553).

17. INVESTMENTS IN SUBSIDIARIES

	The Company 2023 RM	2022 RM
Cost		
Balance as of beginning of year	64,765,843	23,959,868
Additions	–	40,805,975
Balance as of end of year	64,765,843	64,765,843
Accumulated impairment losses		
Balance as of beginning of year	–	–
Additions	37,324,816	–
Balance as of end of year	37,324,816	–
	27,441,027	64,765,843
Unquoted shares:		
In Malaysia	27,441,027	64,765,843

The subsidiaries are as follows:

Name of Company	Country of Incorporation and Place of Business	Proportion of Ownership Interest and Voting Power Held 2023 %	2022 %	Principal Activities
Direct subsidiaries				
Rubberex (M) Sdn. Berhad ("RMSB")	Malaysia	100	100	Manufacturing and sale of household and industrial rubber gloves.
Diamond Grip (M) Sdn. Bhd. ("DGSB")	Malaysia	100	100	Manufacturing and sale of industrial rubber gloves. Ceased manufacturing and sale operation with effect from October 2022 and continues to operate as an investment holding company.
Rubberex Empire Sdn. Bhd.	Malaysia	100	100	Investment holding.
Rubberex International Sdn. Bhd.	Malaysia	100	100	Trading and sale of gloves and In-Vitro Diagnostic ("IVD") medical devices.
Reszon Diagnostics International Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of In-Vitro Diagnostic ("IVD") medical devices.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries are as follows: (Cont'd)

Name of Company	Country of Incorporation and Place of Business	Proportion of Ownership Interest and Voting Power Held 2023 %	2022 %	Principal Activities
Held through RMSB				
Rubberex Spain, S.L.*	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	–	–	Completed Member's Voluntary Winding-Up on July 8, 2022.
Held through DGSB				
Rubberex Alliance Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of disposable gloves.

* The financial statements of this company are examined by auditors other than the auditors of the Company.

Impairment review of investment in a subsidiary

RDISB recorded a loss for the current financial year which is considered as a triggering event for impairment review on the carrying amount of its investment cost.

The recoverable amount of the investment cost is determined using RDISB as a whole as one CGU. Recognising that the recoverable amount of the investment cost is sensitive to changes in assumptions over future discount rates and cashflow projections which require significant judgement, the directors have performed a detailed impairment review and ensured that the judgement used are consistent with both market and operating model. Based on the review, impairment losses of RM37,324,816 are recognised during the financial year.

The principal assumptions used for the impairment review are as follows:

- Discount rate - A pre-tax discount rate of 13.90% was used in the calculation of recoverable amounts that reflects the current market assessment and the risks specific to RDISB.
- Perpetual growth rate - 2.10%, that reflects the inflation rate, was used in the calculation of terminal value, including maintainable capital expenditure.
- Revenue growth rates - Based on management's expectations of revenue, drawing from past experience and current assessment of the market and industry growth.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Sensitivity to changes in key assumptions

The sensitivity analysis below has been determined based on reasonably possible changes of the key assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1.1% higher/0.4% lower, the impairment losses would increase by RM106,364 or decrease by RM27,789.
- If the perpetual growth rate is 0.5% higher/lower, the impairment losses would decrease by RM19,852 or increase by RM39,804.

In the previous financial year, the Company undertook the following transactions:

(i) On March 3, 2022, the Company subscribed for an additional 999 ordinary shares in Rubberex Empire Sdn. Bhd. ("RESB") for a total consideration of RM999. The Company's equity interest in RESB remained the same at 100% after the share subscription;
(ii) On April 13, 2022, the Company incorporated a new subsidiary, Rubberex International Sdn. Bhd. for a total consideration of RM2; and
(iii) On May 31, 2022, the Company entered in a conditional share sale agreement to acquire 500,000 ordinary shares in Reszon Diagnostics International Sdn. Bhd. ("RDISB"), representing the entire equity interest in RDISB for a total purchase consideration up to RM180 million. The purchase consideration is satisfied via a combination of cash (30%) and new ordinary shares issued by the Company (70%) and is subjected to an annual profit guarantee of RM50 million for each of the financial years ended December 31, 2022 and 2023 respectively.

In the event that RDISB's cumulative profit after tax for financial year ended December 31, 2022 and 2023 exceeds the profit guarantee of RM100 million, the vendors shall be entitled to receive a one-off cash incentive ("Performance Bonus") which may increase the total purchase consideration. The Performance Bonus shall be capped at RM45 million and payable in proportion to the excess in profit guarantee attained by RDISB ("PG Surplus"). Such PG Surplus attained by RDISB shall be capped at RM30 million.

The acquisition was completed on October 31, 2022. As of date of acquisition, the Company had recognised cost of investment of RM40,804,974 based on the following:

(a) Actual cash paid out and new ordinary shares of the Company released to the vendors of RDISB which were computed based on the audited profit after tax ("PAT") of RDISB for financial year ended December 31, 2022; and
(b) estimated cash to be paid out and new ordinary shares of the Company to be released to the vendors of RDISB which were computed based on the forecast PAT of RDISB for financial year ended December 31, 2023. The unpaid portion of the purchase consideration was recognised as contingent consideration liability and disclosed under Note 31.

The new ordinary shares of the Company issued and yet to be released to the vendors of RDISB are held in escrow as disclosed under Note 21.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed were as set out in the table below:

	Note	RM
Property, plant and equipment		18,017,689
Right-of-use assets		2,773,820
Long-term investment	19	644,604
Inventories		21,500,137
Trade and other receivables (net of loss allowances of RM2,683,536)		6,805,628
Other assets		2,662,557
Fixed deposits		468,255
Cash and cash equivalents		5,614,771
Trade and other payables		(3,253,430)
Amount owing to a director		(27,945)
Borrowings		(936,743)
Hire-purchase payables		(1,899,252)
Current tax liabilities		(5,913,519)
Other liabilities		(1,245,880)
Deferred tax liabilities		(498,000)
Lease liabilities	30	(3,325,413)
Net identifiable assets acquired and liabilities assumed		41,387,279
Gain from a bargain purchase	8	(582,305)
Total consideration		40,804,974
Total consideration		40,804,974
Add: New ordinary shares of the Company issued but held in escrow	21	62,635,736
Less: Consideration satisfied by way of issuance of new ordinary shares of the Company	26(a)	(83,514,314)
: Contingent consideration	31	(6,426,396)
Cash consideration paid		13,500,000
Less: Cash and cash equivalents		(5,614,771)
Net cash outflow, presented as investing activities in the Group's Statement of Cash Flows		7,885,229

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2023	2022
Manufacturing and sale of household and industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of disposable gloves	Malaysia	1	1
Manufacturing and sale of In-Vitro Diagnostic ("IVD") medical devices	Malaysia	1	1
Trading of gloves, household items, kitchen items and personal protective products	Spain	1	1
Trading and sale of gloves and of In-Vitro Diagnostic ("IVD") medical devices	Malaysia	1	1
Investment holding	Malaysia	2	2
		7	7

18. INVESTMENT IN AN ASSOCIATE

	The Group 2023 RM	2022 RM
Unquoted shares, at cost	180,000,000	180,000,000
Share of post-acquisition results^	(89,974)	–
	179,910,026	180,000,000

^ The directors were of the opinion that the share of post-acquisition results of the associate was insignificant in the previous financial year. Hence, the share of post-acquisition results commenced in financial year 2023.

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

The associate of the Group is as follows:

Name of Company	Country of Incorporation and Place of Business	Proportion of Ownership Interest and Voting Power Held 2023 %	2022 %	Principal Activity	Financial Year End
Held through Rubberex Empire Sdn. Bhd.					
Alliance Empire Sdn. Bhd. ("AESB")*	Malaysia	20	20	Letting out properties and parking space and mall management.	December 31

* The financial statements of this company are examined by auditors other than the auditors of the Company.

The interest in the associate of the Group is analysed as follows:

	The Group 2023 RM
Share of net assets	149,908,108
Goodwill on consolidation	30,001,918
	179,910,026

Summarised financial information in respect of the associate of the Group is set out below:

	The Group 2023 RM
Current assets	190,564
Non-current assets	758,206,008
Current liabilities	8,856,030
Revenue	3,244,237
Loss and total comprehensive loss for the year	(323,420)

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	The Group 2023 RM
Net assets of the associate	749,540,542
Proportion of the Group's ownership interest	20%
	149,908,108
Goodwill on acquisition	30,001,918
Carrying amount of the Group's interest in the associate	179,910,026

In the previous financial year, the Group had subscribed for 200,000 new ordinary shares in AESB, representing 20% of the enlarged equity interest in AESB, and this was paid for by way of instalment where amounts of RM142,857,260 and RM37,142,740 were paid in financial years 2022 and 2023 respectively.

19. OTHER INVESTMENTS

	The Group	
	2023 RM	2022 RM
Investment in equity instrument classified as at FVTOCI:		
Unquoted shares in France:		
Balance as of beginning of year	644,604	–
Arising from acquisition of a subsidiary (Note 17)	–	644,604
Fair value gains	413,121	–
Balance as of end of year	1,057,725	644,604

The Group's investment in equity instrument is not held for trading. Instead, it is held for medium to long-term strategic purposes. Accordingly, the directors of the Group have elected to designate this investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for medium to long-term purposes and realising its performance potential in the long run.

The fair value of investment in unquoted shares is determined based on the prices paid for the recent subscription of shares in the investee company.

20. INVENTORIES

	The Group	
	2023 RM	2022 RM
Finished and trading goods	48,466,647	59,072,752
Raw materials	3,421,480	10,317,965
Packing materials	4,031,782	5,941,304
Work-in-progress	107,290	5,279,622
Parts and consumables	1,266,933	1,444,405
Goods-in-transit	–	75,938
	57,294,132	82,131,986

The cost of inventories of the Group recognised as an expense during the year was RM200,546,041 (2022: RM190,774,096).

Included in cost of inventories recognised are the following:

	The Group	
	2023 RM	2022 RM
Inventories written down to net realisable values	(29,616,241)	(32,780,583)
Inventories written off	(2,041,205)	(1,439,359)

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	20,577,968	23,996,745	–	–
Less: Loss allowances	(2,580,835)	(2,701,120)	–	–
	17,997,133	21,295,625	–	–
Other receivables	6,283,911	2,712,662	–	–
Less: Loss allowances	(5,000,000)	–	–	–
	1,283,911	2,712,662	–	–
Escrow account	62,635,736	62,635,736	62,635,736	62,635,736
Tax receivable	–	1,864	–	–
	81,916,780	86,645,887	62,635,736	62,635,736

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The movements of loss allowances are as follows:

	The Group	
	2023 RM	2022 RM
Balance as of beginning of year	2,701,120	–
Additions (Note 10)	5,412,649	17,584
Arising from acquisition of a subsidiary (Note 17)	–	2,683,536
No longer required (Note 10)	(328,015)	–
Written off	(204,919)	–
Balance as of end of year	7,580,835	2,701,120

The currency profile of trade and other receivables is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Euro	6,032,859	7,572,457	–	–
United States Dollar	11,377,471	10,615,148	–	–
Ringgit Malaysia	64,230,451	68,277,444	62,635,736	62,635,736
Swiss Franc	275,518	180,838	–	–
Great Britain Pound	481	–	–	–
	81,916,780	86,645,887	62,635,736	62,635,736

Trade receivables comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods ranged from cash to 90 days (2022: cash to 180 days). No interest is charged on overdue trade receivables.

Trade and other receivables of the Group included amounts owing by related parties amounting to RM19,432 (2022: RM12,597) and Nil (2022: RM7,725) respectively. Related party transactions are disclosed in Note 22.

Included in other receivables of the Group are funds placed with a third party registered Peer-To-Peer (P2P) Financing Platform amounting to RM5,000,000 (2022: RM2,550,000) which are unsecured, bear interest rates ranging from 10.13% - 11.03% (2022: 10.35%) per annum and have maturity terms ranging from 90 to 120 days (2022: 180 days). During the financial year, loss allowances of RM5,000,000 (2022: Nil) have been recognised for funds placed with P2P Financing Platform. Management assessed the ECL for these funds based on correspondences with the fund manager on the timing of pay back in terms of principals and interests.

Escrow account of the Group and of the Company comprised new ordinary shares issued by the Company in 2022 which were held in escrow pursuant to the acquisition of RDISB in 2022 as mentioned in Note 17.

The Group applies the simplified approach to measure ECL. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries in which the trade receivables operate. For other receivables, except for the funds placed with P2P Financing Platform, management did not perform any assessment for ECL due to the nature of other receivables which comprised mainly advance payments made to suppliers for purchase of goods.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group will only write off a receivable when there is information indicating that the receivable is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the receivable has been placed under liquidation or has entered into bankruptcy proceedings.

Included in trade receivables of the Group are receivables with total carrying amount of RM3,329,353 (2022: RM7,868,839) which are past due at the end of the reporting period for which the Group has not recognised a loss allowance as there have not been significant changes in their credit quality and the probability of default are assessed as remote. The Group does not hold any collateral over these balances nor does it has a legal right to offset against any amounts owed by the Group to the counterparties.

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed by management at least twice a month.

Ageing of trade receivables which are past due at the end of the reporting period is as follows:

	The Group	
	2023	**2022**
	RM	**RM**
Debts past due but not impaired:		
Number of days past due:		
1 - 30 days	2,128,152	4,852,320
31 - 60 days	1,535,655	1,999,097
61 - 90 days	(65,229)	761,767
More than 90 days	(269,225)	255,655
	3,329,353	7,868,839
Debts past due and impaired:		
Number of days past due:		
More than 90 days	2,580,835	2,701,120

Ageing of other receivables which are past due at the end of the reporting period is as follows:

Debts past due and impaired:		
Number of days past due:		
More than 90 days	5,000,000	–

22. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related parties and their relationships with the Group are as follows:

Name of related party	Relationships
Hextar Industrial Chemicals Sdn. Bhd. Hextar Mitai Sdn. Bhd. Chempro Technology (M) Sdn. Bhd.	Companies in which a substantial shareholder of the Company has substantial financial interests.
Revongen Corporation Sdn. Bhd. Biosyntech Malaysia Group Sdn. Bhd. Revon Media Sdn. Bhd.	Companies in which a director of the subsidiary, is also a director and/or has substantial financial interests.
Speedy Assay Sdn. Bhd. Green Afforestation International Network Sdn. Bhd. Ecopeneer Sdn. Bhd.	Subsidiaries of Revongen Corporation Sdn. Bhd..
Revenlogy Sdn. Bhd. Vivantis Technologies Sdn. Bhd. Pop Bio Sdn. Bhd. Spygene Laboratories Sdn. Bhd. Bio. Etc. Pte. Ltd. Halvec Laboratories Sdn. Bhd. Hercuvan Lab Systems Sdn. Bhd.	Subsidiaries of Biosyntech Malaysia Group Sdn. Bhd..
Gain Green Development Sdn. Bhd. Greenery Generation Sdn. Bhd. United Paulownia Plantation Sdn. Bhd.	Subsidiaries of Green Afforestation International Network Sdn. Bhd..

The amounts owing by/(to) subsidiaries arose mainly from advances and expenses paid on behalf which are unsecured and are interest-free.

The amounts owing by/(to) subsidiaries, classified as current assets/(liabilities), are repayable upon demand and will be settled in cash.

The amounts owing by/(to) subsidiaries are denominated in Ringgit Malaysia.

During the financial year, transactions undertaken by the Group and by the Company with its related parties are as follows:

	The Company	
	2023 RM	2022 RM
Subsidiaries		
Advances granted, net of repayment	(41,144,000)	(98,003,000)
Advances received, net of repayment	–	1,235,000

22. RELATED PARTY TRANSACTIONS (CONT'D)

The transactions with subsidiaries are aggregated as these transactions are similar in nature.

	The Group	
	2023 RM	2022 RM
Hextar Industrial Chemicals Sdn. Bhd.		
Purchase of goods	657,433	327,804
Sale of goods	71,609	233,914
Hextar Mitai Sdn. Bhd.		
Purchase of property, plant and equipment	–	244,020
Chempro Technology Sdn. Bhd.		
Purchase of goods	–	114,570
Lab testing expenses	–	57,870
Revongen Corporation Sdn. Bhd.		
Assignment of debts	–	504,668
Assignment of debts	–	(5,938)
Biosyntech Malaysia Group Sdn. Bhd.		
Trade purchases	6,952	14,634
Upkeep of computer and software charges paid/payable	5,555	2,632
Purchase of property, plant and equipment	608	17,754
Assignment of debts	–	59,552
Purchase of small value assets	–	1,759
Revon Media Sdn. Bhd.		
Sale of property, plant and equipment	8,268	–
Purchase of property, plant and equipment	–	1,163
Assignment of debts	–	938
Speedy Assay Sdn. Bhd.		
Trade sales	140,781	5,949
Assignment of debts	–	(128,434)
Green Afforestation International Network Sdn. Bhd.		
Rental of office paid/payable	8,703	39,161
Upkeep expenses paid/payable	2,062	9,309
Cleaning charges paid/payable	464	1,809
Sale of small value assets	112	–
Electricity charges paid/payable	–	9,704
Assignment of debts	–	(387,090)

22. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group 2023 RM	2022 RM
Ecopeneer Sdn. Bhd.		
Sale of property, plant and equipment	9,355	–
Sale of small value assets	8,230	–
Assignment of debts	–	(235,473)
Revenlogy Sdn. Bhd.		
Consultancy fees paid/payable	18,000	27,000
Assignment of debts	–	5,000
Vivantis Technologies Sdn. Bhd.		
Sale of small value assets	58,600	–
Sale of property, plant and equipment	50,781	64,038
Trade sales	3,683	5,920
Trade purchases	2,156	223
Assignment of debts	–	468,744
Rental of lab paid/payable	–	412,985
Electricity charges paid/payable	–	83,170
Upkeep of computer charges received/receivable	–	940
Pop Bio Sdn. Bhd.		
Sale of property, plant and equipment	18,798	1,682
Sale of small value assets	168	–
Assignment of debts	–	(40,000)
Spygene Laboratories Sdn. Bhd.		
Sale of property, plant and equipment	27,897	2,712
Assignment of debts	–	292
Trade purchases	–	292
Assignment of debts	–	(20,392)
Halvec Laboratories Sdn. Bhd.		
Patents and trademarks expenses paid/payable	17,090	287,275
Trade sales	136	–
Hercuvan Lab System Sdn. Bhd.		
Sale of small value assets	1,200	–

22. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group	
	2023	2022
	RM	RM
Gain Green Development Sdn. Bhd.		
Legal fee paid/payable	30,130	–
Trade purchases	1,380	–
Sale of property, plant and equipment	900	2,429
Trade sales	816	–
Consultancy fees paid/payable	–	102,900
Purchase of property, plant and equipment	–	2,343
Upkeep of computer charges received/receivable	–	850
Assignment of debts	–	(11,867)
Greenery Generation Sdn. Bhd.		
Trade sales	272	–
Assignment of debts	–	(100,000)
United Paulownia Plantation Sdn. Bhd.		
Assignment of debts	–	(110,000)

23. OTHER ASSETS

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Deposits	1,391,783	2,127,892	1,000	1,000
Prepaid expenses	1,296,507	1,561,805	–	–
Advance payments made for acquisition of property, plant and equipment	–	796,792	–	–
	2,688,290	4,486,489	1,000	1,000

The currency profile of other assets is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	2,411,910	3,430,411	1,000	1,000
Chinese Renminbi	–	796,792	–	–
Euro	276,380	259,286	–	–
	2,688,290	4,486,489	1,000	1,000

24. OTHER FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2023 RM	2022 RM
Derivative financial assets		
Derivatives designated as at FVTPL		
- foreign currency forward contracts	16,253	2,891
Derivative financial liabilities		
Derivatives designated as at FVTPL		
- foreign currency forward contracts	–	(384)

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuation on foreign receipts and payments.

25. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed and short-term deposits with licensed banks	17,787,400	82,168,255	3,500,000	10,600,000
Cash and bank balances	8,269,690	8,104,784	24,029	201,474
Money market fund classified as at FVTPL	–	2,523,287	–	–
	26,057,090	92,796,326	3,524,029	10,801,474

The currency profile of fixed deposits, cash and bank balances of the Group is as follows:

	The Group	
	2023 RM	2022 RM
Ringgit Malaysia	23,386,631	90,474,273
Euro	2,316,685	1,899,412
United States Dollar	353,774	422,641
	26,057,090	92,796,326

Cash and bank balances of the Company are denominated in Ringgit Malaysia.

25. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The fixed and short-term deposits of the Group and of the Company have maturity periods and effective interest rates as follows:

	The Group 2023	2022	The Company 2023	2022
Fixed and short-term deposits:				
Maturity periods	6 days - 12 months	16 days - 12 months	6 days - 1 month	16 days - 1 month
Effective interest rates (per annum)	3.03% - 4.00%	1.85% - 3.55%	3.03%	2.73%

The fixed deposits of RM407,400 (2022: RM468,255) have been pledged to certain licensed banks for credit facilities granted to the Company as disclosed in Note 28.

The fair value of the money market fund in the prior year was determined based on the year-end quoted price in active markets.

26. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	The Group and The Company			
	2023 Number of ordinary shares	2022 Number of ordinary shares	2023 RM	2022 RM
Issued and fully paid:				
Ordinary shares:				
Balance as of beginning of year	1,093,192,881	915,502,851	341,307,848	257,793,534
Issued during the year	–	177,690,030	–	83,514,314
Balance as of end of year	1,093,192,881	1,093,192,881	341,307,848	341,307,848

In the previous financial year, the Company increased its issued and paid-up ordinary share capital by the allotment and issuance of 177,690,030 new ordinary shares at an issue price of RM0.71 per ordinary share to satisfy part of the total purchase consideration for the acquisition of RDISB based on the conditional share sale agreement entered by the Company on May 31, 2022. At the date of completion on October 31, 2022, the fair value of the ordinary share capital arising from the issuance of 177,690,030 new ordinary shares was recorded at RM83,514,314 which was at RM0.47 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

26. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury Shares

	The Group and The Company			
	2023 Number of ordinary shares	2022 Number of ordinary shares	2023 RM	2022 RM
Ordinary shares:				
Balance as of beginning of year	91,273,100	41,600,000	48,190,897	24,202,634
Repurchased during the year	–	49,673,100	–	23,988,263
Balance as of end of year	91,273,100	91,273,100	48,190,897	48,190,897

Treasury shares related to ordinary shares of the Company that are repurchased and are held by the Company in accordance with the requirement of Section 127(4)(b) of the Companies Act, 2016. As treasury shares, the rights attached to voting, dividends and participation in other distribution are suspended.

In the previous financial year, the Company repurchased 49,673,100 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of shares was RM23,988,263 and has been deducted from equity. The average price paid for the shares repurchased was RM0.48 per share. The repurchase transactions were financed by internally generated funds.

As of December 31, 2023, the number of ordinary shares in issue and fully paid after excluding the Treasury Shares was 1,001,919,781 (2022: 1,001,919,781).

27. RESERVES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable reserve:				
Translation reserve	1,988,986	138,616	–	–
Investment revaluation reserve	413,121	–	–	–
	2,402,107	138,616	–	–
Distributable reserve:				
Retained earnings/ (Accumulated losses)	246,909,663	311,286,545	(26,109,941)	12,201,071
	249,311,770	311,425,161	(26,109,941)	12,201,071

27. RESERVES (CONT'D)

(a) Retained earnings

The entire retained earnings of the Company as of December 31, 2022 was available for distribution as single-tier dividends to the shareholders of the Company.

(b) Translation reserve

Translation reserve represents the exchange differences arising on translation of financial statements of foreign subsidiary from its functional currency into Ringgit Malaysia that are taken up in other comprehensive income and accumulated in equity. Such exchange differences are recognised as income or expense in profit or loss, in the period in which the foreign subsidiary is disposed of.

(c) Investment revaluation reserve

The investment revaluation reserve of the Group arises from changes in fair value of investment in equity instrument designated as at FVTOCI.

28. BORROWINGS

	The Group	
	2023 RM	2022 RM
Secured:		
Term loan	219,861	333,565
Unsecured:		
Term loans	–	533,237
	219,861	866,802
Less: Amount due within 12 months (shown under current liabilities)	(91,600)	(355,914)
Non-current portion	128,261	510,888

The non-current portion is repayable as follows:

	The Group	
	2023 RM	2022 RM
Financial years ending December 31:		
2024	–	264,033
2025	128,261	223,047
2026	–	23,808
	128,261	510,888

Borrowings of the Group are denominated in Ringgit Malaysia.

28. BORROWINGS (CONT'D)

The effective interest rates per annum are as follows:

	The Group	
	2023	2022
	%	%
Term loans	7.00 - 11.15	7.00 - 10.06
Bank overdrafts	7.24 - 8.70	6.99 - 7.70

The Group has five (5) term loans as follows:

(a) a five (5) year term loan of RM378,000 (2022: RM378,000) which is repayable by 60 monthly instalments commencing August 2017. The term loan has been full settled during the financial year;
(b) a seven (7) year term loan of RM500,000 (2022: RM500,000) which is repayable by 84 monthly instalments commencing February 2018. The term loan has been full settled during the financial year;
(c) a five (5) year term loan of RM400,000 (2022: RM400,000) which is repayable by 60 monthly instalments commencing May 2018. The term loan has been full settled during the financial year;
(d) a five (5) year term loan of RM300,000 (2022: RM300,000) which is repayable by 60 monthly instalments commencing July 2019. The term loan has been full settled during the financial year; and
(e) a five (5) year term loan of RM500,000 (2022: RM500,000) which is repayable by 60 monthly instalments commencing October 2020.

As of December 31, 2023, the Group and the Company have credit facilities of RM77,000,000 (2022: RM84,758,000) and RM30,000,000 (2022: RM30,000,000) respectively.

The Group's term loans and other credit facilities are guaranteed by the Company and certain subsidiaries except for the credit facilities of RM1,500,000 (2022: RM4,258,000) which are secured and guaranteed by:

(i) Fixed deposits of the subsidiary as mentioned in Note 25;
(ii) Corporate guarantee by certain related parties;
(iii) Credit Guarantee Corporation Malaysia Berhad for a limit of RM350,000 (2022: RM980,000); and
(iv) Personal guarantee by a director of the subsidiary.

29. HIRE-PURCHASE PAYABLES

	The Group Minimum hire-purchase payments	
	2023	2022
	RM	RM
Amounts payable under hire-purchase arrangements:		
Within one year	656,636	748,081
In the second to fifth year inclusive	525,124	1,205,007
	1,181,760	1,953,088
Less: Future finance charges	(77,905)	(166,755)
Present value of hire-purchase payables	1,103,855	1,786,333

29. HIRE-PURCHASE PAYABLES (CONT'D)

	The Group Present value of minimum hire-purchase payments	
	2023 RM	2022 RM
Amounts payable under hire-purchase arrangements:		
Within one year	605,581	659,230
In the second to fifth year inclusive	498,274	1,127,103
Present value of hire-purchase payables	1,103,855	1,786,333
Less: Amount due within 12 months (shown under current liabilities)	(605,581)	(659,230)
Non-current portion	498,274	1,127,103

The non-current portion is repayable as follows:

	The Group	
	2023 RM	2022 RM
Financial years ending December 31:		
2024	–	628,829
2025	317,964	317,964
2026	117,485	117,485
2027	51,312	51,312
2028	11,513	11,513
	498,274	1,127,103

The terms for hire-purchase ranged from 2 to 7 years (2022: 2 to 7 years). For the financial year ended December 31, 2023, the effective hire-purchase interest rates ranged from 4.17% to 6.89% (2022: 4.17% to 6.89%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase.

Hire-purchase payables of the Group are denominated in Ringgit Malaysia.

30. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements during the financial year are as follows:

	The Group 2023 RM	The Group 2022 RM
Balance as of beginning of year	4,130,763	1,841,946
Arising from acquisition of a subsidiary (Note 17)	–	3,325,413
Additions	2,604,822	–
Adjustment	125,823	–
Termination of leases	(720,971)	–
Accretion of interest (Note 11)	358,817	152,639
Settlements	(2,317,627)	(1,166,853)
Net foreign currency exchange differences	132,935	(22,382)
Balance as of end of year	4,314,562	4,130,763
Maturity analysis:		
Year 1	1,599,965	2,709,554
Year 2	1,404,965	928,644
Year 3	1,404,965	390,916
Year 4	385,654	390,916
Year 5	–	130,305
	4,795,549	4,550,335
Less: Unearned interest	(480,987)	(419,572)
	4,314,562	4,130,763
Analysed as:		
Non-current	2,943,586	1,648,849
Current	1,370,976	2,481,914
	4,314,562	4,130,763

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's management.

The currency profile of lease liabilities of the Group is as follows:

	The Group 2023 RM	The Group 2022 RM
Ringgit Malaysia	1,368,585	3,162,508
Euro	2,945,977	968,255
	4,314,562	4,130,763

31. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	9,365,846	7,438,673	–	–
Other payables	5,946,077	8,942,241	–	–
Contingent consideration	6,426,396	6,426,396	6,426,396	6,426,396
Taxes payable	51,891	40,238	–	–
Consideration payable for subscription of shares in an associate (Note 18)	–	37,142,740	–	–
	21,790,210	59,990,288	6,426,396	6,426,396

The currency profile of trade and other payables is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	16,309,920	54,125,927	6,426,396	6,426,396
United States Dollar	2,195,555	4,334,965	–	–
Great Britain Pound	2,047,389	31,836	–	–
Chinese Renminbi	1,237,113	–	–	–
Others	233	29,829	–	–
Euro	–	1,467,731	–	–
	21,790,210	59,990,288	6,426,396	6,426,396

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs, and contingent consideration for the acquisition of RDISB. The credit periods granted to the Group for trade purchases ranged from cash to 90 days (2022: 90 days). No interest is charged on overdue trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Trade and other payables included amounts owing to related parties amounting to RM127,833 (2022: RM71,864) and Nil (2022: RM10,207) respectively. Related party transactions are disclosed in Note 22.

Other payables mainly consist of advance payments received from customers and amounts payable for acquisition of property, plant and equipment, consumables, utilities, services and maintenance. The credit terms granted to the Group for non-trade purchases ranged from 30 to 90 days (2022: 30 days).

In the previous financial year, the Company has recognised contingent consideration liability pursuant to the acquisition of RDISB as disclosed under Note 17. The contingent consideration liability was categorised as Level 3 in the fair value hierarchy of financial instruments as it was computed based on the profit forecast for financial year 2023. Based on the management accounts of RDISB for the financial year ended December 31, 2023, RDISB incurred a loss after tax which indicates that the Company will not need to pay the contingent consideration liability. However, pursuant to the terms and conditions of the share sale agreement, the contingent consideration liability can only be released upon the occurrence of certain events which will only take place in financial year 2024, and, as such, it was retained as a liability in the financial statements of the Group and of the Company as of December 31, 2023.

32. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents unsecured and interest-free advances that are repayable on demand.

33. OTHER LIABILITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Accrued expenses	6,648,291	6,414,826	332,485	477,791

The currency profile of other liabilities of the Group is as follows:

	The Group	
	2023 RM	2022 RM
Ringgit Malaysia	5,830,545	5,883,748
United States Dollar	817,746	–
Euro	–	531,078
	6,648,291	6,414,826

Accrued expenses of the Company are denominated in Ringgit Malaysia.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets				
At amortised cost:				
Trade and other receivables	19,281,044	24,008,287	–	–
Amount owing by subsidiaries	–	–	193,844,412	195,588,916
Refundable deposits	1,391,783	2,127,892	1,000	1,000
Deposits, cash and bank balances	26,057,090	90,273,039	3,524,029	10,801,474
At FVTOCI:				
Investment in unquoted shares	1,057,725	644,604	–	–
At FVTPL:				
Money market fund	–	2,523,287	–	–
Derivatives - foreign currency forward contracts	16,253	2,891	–	–

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial liabilities				
At amortised cost:				
Trade and other payables	21,738,319	59,950,050	6,426,396	6,426,396
Amount owing to a director	50,060	50,060	–	–
Other liabilities - accrued expenses	6,648,291	6,414,826	332,485	477,791
Amount owing to a subsidiary	–	–	14,063,118	22,021,033
Borrowings	219,861	866,802	–	–
Hire-purchase payables	1,103,855	1,786,333	–	–
Lease liabilities	4,314,562	4,130,763	–	–
At FVTPL:				
Derivatives - foreign currency forward contracts	–	384	–	–

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subjected to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow risk. The principal objective of the Group and of the Company is to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

(a) Market risk

The Group and the Company are exposed primarily to the risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk management

The Group transacts business in various foreign currencies mainly including United States Dollar ("USD"), Euro ("EUR"), Chinese Renminbi ("RMB") and Swiss Franc ("CHF") and therefore, is exposed to foreign exchange risk. The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts and payments.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are disclosed in Notes 21, 23, 25, 30, 31 and 33.

Foreign currency sensitivity analysis

The following table details the sensitivity of the Group to a 1.20% increase/decrease in RM against the relevant foreign currencies. This sensitivity rate is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Foreign currency risk management (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

The following sensitivity analysis includes only outstanding foreign currency denominated monetary items. If the foreign currency denominated monetary items of the Group at the end of the reporting period were translated into Ringgit Malaysia with a 1.20% fluctuation in the exchange rates against the following relevant foreign currencies, the effect on profit net of tax in profit or loss and translation reserve are as follows:

	2023	
	Profit or loss RM	Translation reserve RM
USD	66,700	26,665
CHF	2,513	–
CNY	(11,282)	–
EUR	5,820	297,238

(ii) Interest rate risk management

Interest rate risk is the risk that the fair values or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company finance their operations by a mixture of internal funds, banks and other borrowings. The Group and the Company regularly review the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration of the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group and of the Company are to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The details of the Group's and of the Company's deposits and borrowings are as disclosed in Notes 25 and 28 respectively.

Interest rate sensitivity analysis

The Group and the Company do not consider their exposure to interest rate risk from bank borrowings and interest-bearing assets significant as of December 31, 2023 due to insignificant fluctuations in the market interest rates. Therefore, interest rate sensitivity analysis is not disclosed.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a mean of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables and other financial assets while the exposure of the Company to credit risk arises from its intercompany balances, financial guarantees given to licensed banks for credit facilities granted to subsidiaries and other financial assets.

Receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Trade receivables with balances exceeding credit limits are monitored through the holding back of new shipment until the old debts plus the new orders are within the credit limit.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparties did not exceed (10) per cent of gross trade receivables at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk for other receivables which comprise mainly funds placed with P2P Financing Platform is assessed as higher due to uncertainty of recoverability. Thus, the Group closely monitors the maturity dates and the timing of pay back of these funds. During the financial year, loss allowances of RM5,000,000 (2022: Nil) have been recognised due to uncertainty of recoverability as disclosed under Note 21. For the remaining other receivables, the Group does not foresee any credit risk due to the nature of these other receivables which comprise mainly advance payments made to suppliers.

The ageing of trade receivables that are past due but not impaired is disclosed in Note 21.

Intercompany Balances

The Company provides unsecured advances to its subsidiaries. There is no fixed repayment term imposed on intercompany balances as the credit risk is managed on a Group basis by management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiaries, is minimal.

The Company measures the loss allowance for amount due from subsidiaries if there are indicators that the subsidiaries are having financial difficulties or inactive. At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

At the end of the reporting period, there was no indication that the balances due from subsidiaries are not recoverable.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Credit risk management (Cont'd)

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries.

There is no exposure to credit risk as there is no outstanding balance of credit facilities of subsidiaries in which financial guarantees are given by the Company as of the end of the current and prior reporting periods.

Other Financial Assets

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity and cash flow risks management

Ultimate responsibility for liquidity and cash flow risks management rests with the Board of Directors, which has built an appropriate liquidity and cash flow risks management framework for the management of the short, medium and long-term funding and liquidity management requirements of the Group and of the Company. The Group and the Company manage liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by their suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months. The Group and the Company may consider opportunities to obtain additional funds to support their working capital requirements and capital expenditures, or may seek to raise additional funds through equity financing.

The Group and the Company have credit facilities of approximately RM77,000,000 (2022: RM84,758,000) and RM30,000,000 (2022: RM30,000,000) of which RM76,500,000 (2022: RM82,680,000) and RM30,000,000 (2022: RM30,000,000) respectively remain unused at the end of the reporting period.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks management (Cont'd)

The maturity profile of the Group's and of the Company's non-derivative financial assets and financial liabilities at the end of the reporting period based on cash inflows from the financial assets and contractual undiscounted repayment obligations are as follows:

The Group 2023	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	19,281,044	–	–	19,281,044
Refundable deposits	1,391,783	–	–	1,391,783
Deposits, cash and bank balances	26,192,057	–	–	26,192,057
Total undiscounted non-derivative financial assets	46,864,884	–	–	46,864,884
Non–derivative financial liabilities:				
Trade and other payables	21,738,319	–	–	21,738,319
Amount owing to a director	50,060	–	–	50,060
Other liabilities - accrued expenses	6,648,291	–	–	6,648,291
Borrowings	113,960	141,305	–	255,265
Hire–purchase payables	656,636	525,124	–	1,181,760
Lease liabilities	1,599,965	3,195,584	–	4,795,549
Total undiscounted non-derivative financial liabilities	30,807,231	3,862,013	–	34,669,244
Net undiscounted non-derivative financial assets/(liabilities)	16,057,653	(3,862,013)	–	12,195,640
2022				
Non-derivative financial assets:				
Trade and other receivables	24,134,465	–	–	24,134,465
Refundable deposits	2,127,892	–	–	2,127,892
Money market fund	2,578,800	–	–	2,578,800
Deposits, cash and bank balances	92,080,240	–	–	92,080,240
Total undiscounted non-derivative financial assets	120,921,397	–	–	120,921,397
Non-derivative financial liabilities:				
Trade and other payables	59,950,050	–	–	59,950,050
Amount owing to a director	50,060	–	–	50,060
Other liabilities - accrued expenses	6,414,826	–	–	6,414,826
Borrowings	327,124	581,933	–	909,057
Hire-purchase payables	748,081	1,205,007	–	1,953,088
Lease liabilities	2,709,554	1,840,781	–	4,550,335
Total undiscounted non-derivative financial liabilities	70,199,695	3,627,721	–	73,827,416
Net undiscounted non-derivative financial assets/(liabilities)	50,721,702	(3,627,721)	–	47,093,981

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks management (Cont'd)

The Company 2023	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Amount owing by subsidiaries	193,844,412	–	–	193,844,412
Refundable deposits	1,000	–	–	1,000
Deposits, cash and bank balances	3,533,332	–	–	3,533,332
Total undiscounted non-derivative financial assets	197,378,744	–	–	197,378,744
Non-derivative financial liabilities:				
Trade and other payables	6,426,396	–	–	6,426,396
Amount owing to a subsidiary	14,063,118	–	–	14,063,118
Accrued expenses	332,485	–	–	332,485
Total undiscounted non-derivative financial liabilities	20,821,999	–	–	20,821,999
Net undiscounted non-derivative financial assets	176,556,745	–	–	176,556,745
2022				
Non-derivative financial assets:				
Amount owing by subsidiaries	195,588,916	–	–	195,588,916
Refundable deposits	1,000	–	–	1,000
Deposits, cash and bank balances	10,818,064	–	–	10,818,064
Total undiscounted non-derivative financial assets	206,407,980	–	–	206,407,980
Non-derivative financial liabilities:				
Trade and other payables	6,426,396	–	–	6,426,396
Amount owing to a subsidiary	22,021,033	–	–	22,021,033
Accrued expenses	477,791	–	–	477,791
Total undiscounted non-derivative financial liabilities	28,925,220	–	–	28,925,220
Net undiscounted non-derivative financial assets	177,482,760	–	–	177,482,760

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Liquidity and cash flow risks management (Cont'd)

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Gross settled: Foreign currency forward contracts	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
2023				
- Gross inflows	4,697,443	–	–	4,697,443
2022				
- Gross inflows	2,146,174	–	–	2,146,174

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from 2022.

The capital structure of the Group and of the Company consists of net debt and equity. The Group and the Company are not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio as of the end of the reporting period is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Debts (i)	1,323,716	2,653,135	–	–
Deposits, cash and bank balances	(26,057,090)	(92,796,326)	(3,524,029)	(10,801,474)
Net (cash)	(24,733,374)	(90,143,191)	(3,524,029)	(10,801,474)
Equity (ii)	542,428,721	604,542,112	267,007,010	305,318,022
Net debt to equity ratio	Not applicable	Not applicable	Not applicable	Not applicable

(i) Debts are defined as bank borrowings and hire-purchase payables.
(ii) Equity includes all capital and reserves of the Group and of the Company that are managed as capital.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management (Cont'd)

Fair values of financial instruments

Foreign currency forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding as of the end of the reporting period are as follows:

		Outstanding contracts		
	Sell USD	Sell EUR	Sell CHF	Net
2023				
Foreign currency	650,959	279,969	50,000	
Notional value (RM)	2,993,812	1,433,350	270,281	
Fair value (RM)	7,210	11,209	(2,166)	16,253

		Outstanding contracts		
	Sell USD	Sell EUR	Sell CHF	Net
2022				
Foreign currency	215,204	255,123	–	
Notional value (RM)	951,368	1,194,806	–	
Fair value (RM)	4,435	(1,928)	–	2,507

The fair values of foreign currency forward contracts, which are categorised as Level 2 in the fair value hierarchy, are calculated by reference to the current rates for contracts with similar maturity profiles.

Financial instruments carried at amortised cost

The fair values of short-term financial assets and financial liabilities approximate their respective carrying amounts due to the relatively short-term maturity of these financial instruments.

The fair values of term loans and hire-purchase payables, which are categorised as Level 2 in the fair value hierarchy, are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loans and hire-purchase arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans and hire-purchase payables.

Financial instruments carried at FVTOCI

The fair value of investment in equity instrument, which was categorised as Level 3 in the fair value hierarchy, is disclosed under Note 19.

Financial instruments carried at FVTPL

The fair value of money market fund, which was categorised as Level 1 in the fair value hierarchy was disclosed under Note 25.

There were no transfers between Levels 1 and 2 in both 2023 and 2022.

35. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

(i) Property, plant and equipment were acquired by the following means:

The Group	2023 RM	2022 RM
Cash purchase	5,403,346	13,855,725
Advance payments made in prior year	796,792	–
Balance outstanding - Other payables	26,500	2,882,261
	6,226,638	16,737,986

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

The Group	Note	Balance as of 1.1.2023 RM	Arising from acquisition of a subsidiary (Note 17) RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2023 RM
Term loans	28	866,802	–	(646,941)	–	219,861
Hire–purchase payables	29	1,786,333	–	(682,478)	–	1,103,855
Lease liabilities	30	4,130,763	–	(1,958,810)	2,142,609	4,314,562

The Group	Note	Balance as of 1.1.2022 RM	Arising from acquisition of a subsidiary (Note 17) RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2022 RM
Term loans	28	–	936,743	(69,941)	–	866,802
Hire–purchase payables	29	–	1,899,252	(112,919)	–	1,786,333
Lease liabilities	30	1,841,946	3,325,413	(1,014,214)	(22,382)	4,130,763

35. STATEMENTS OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities (Cont'd)

The Company	Note	Balance as of 1.1.2023 RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2023 RM
Amount owing to a subsidiary	22	22,021,033	(7,957,915)	–	14,063,118

The Company	Note	Balance as of 1.1.2022 RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2022 RM
Amount owing to a subsidiary	22	20,786,033	1,235,000	–	22,021,033

* Non-cash changes comprised additions to leases, termination of leases and net foreign currency exchange differences.

(c) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts. Cash and cash equivalents as of the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed banks	17,787,400	82,168,255	3,500,000	10,600,000
Cash and bank balances	8,269,690	8,104,784	24,029	201,474
Money market fund	–	2,523,287	–	–
	26,057,090	92,796,326	3,524,029	10,801,474
Less: Fixed deposits pledged to licensed banks	(407,400)	(468,255)	–	–
	25,649,690	92,328,071	3,524,029	10,801,474

36. CAPITAL COMMITMENTS

As of the end of the reporting period, the Group has capital commitments in respect of the followings:

	2023 RM	2022 RM
Approved and contracted for:		
Property, plant and equipment	301,017	1,684,558

37. SUBSEQUENT EVENT

On March 26, 2024, the Company proposed to undertake a private placement of shares. The Proposed Private Placement was undertaken under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016, which was obtained from the shareholders of Hextar Healthcare Berhad at its twenty-seventh annual general meeting convened on May 26, 2023. The Proposed Private Placement entailed the issuance of 100,191,000 new ordinary shares, representing not more than 10% of the total number of issued shares of the Company (excluding treasury shares), at an issue price to be determined and fixed at a later date.

STATEMENT BY DIRECTORS

The directors of **HEXTAR HEALTHCARE BERHAD** state that, in their opinion, the accompanying financial statements 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 December 31, 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

MR. KHOO CHIN LENG

MR. LIEW JEE MIN @ CHONG JEE MIN

Ipoh,
April 25, 2024

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. KHOO CHIN LENG (IC No. 590509-07-5615)**, the director primarily responsible for the financial management of **HEXTAR HEALTHCARE BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. KHOO CHIN LENG
MIA MEMBERSHIP: 22348

Subscribed and solemnly declared by the abovenamed **MR. KHOO CHIN LENG** at IPOH this 25th day of April, 2024

Before me,

WONG KIAN SHYAN (A292)
COMMISSIONER FOR OATHS

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

as at 31 December 2023

Location	Registered Owner	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Rubberex (M) Sdn Berhad	Freehold/–	Manufacturing, warehouse and office	37,258	[1996]	29.5/3,545
Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Diamond Grip (M) Sdn Bhd	Leasehold (60 years)/ 23 April 2055	Manufacturing, warehouse and office	32,382	1999	25.0/842
Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Diamond Grip (M) Sdn Bhd	Leasehold (99 years)/ 23 December 2106	Manufacturing, warehouse and office	12,141	2007	16.0/1,255
Lot 312174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Rubberex Alliance Sdn Bhd	Leasehold (86 years)/ 02 December 2101	Warehouse and office	8,496	2016	8.0/1,759
Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Rubberex Alliance Sdn Bhd	Leasehold (86 years)/ 07 July 2103	Warehouse and office	8,092	2018	6.0/1,803
PT 34587, Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan, Malaysia.	Rubberex Alliance Sdn Bhd	Leasehold (60 years)/ 26 May 2067	Vacant	35,260	2021	3.0/8,344
PT 34584, Mukim Sungai Terap, Daerah Kinta, Perak Darul Ridzuan, Malaysia.	Rubberex Alliance Sdn Bhd	Leasehold (60 years)/ 26 May 2067	Vacant	12,839	2021	3.0/3,038
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	[1996]	29.5/4,968

Properties Held By The Company And Its Subsidiaries (cont'd)

Location	Registered Owner	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Factory buildings located at Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	1999	25.0/15,105
Factory buildings located at Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2007	16.0/1,030
Factory buildings located at Lot 312174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2016	8.0/1,180
Factory buildings located at Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2018	6.0/30,404

HEXTAR HEALTHCARE BERHAD
(199601000297) (372642-U)
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	CDS Account No. (Nominees Account Only)
	- -

*I/We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No.) ______________________________

of ____
(FULL ADDRESS)

being a member/members of **HEXTAR HEALTHCARE BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Twenty-Eighth Annual General Meeting of the Company, which will be conducted fully virtual through online meeting platform via TIIH Online website 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 on **Monday, 27 May 2024** at **10.00 a.m.** or at any adjournment thereof, and to vote as indicated below:

** Please strikethrough the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

Resolution	Agenda	FOR	AGAINST
	Ordinary Business		
1	Payment of Directors' Fees for the financial year ending 31 December 2024		
2	Payment of Directors' Benefits from 28 May 2024 until the Twenty-Ninth Annual General Meeting of the Company to be held in 2025		
3	Re-election of Mr. Khoo Chin Leng who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
4	Re-election of Mr. Goh Hsu-Ming who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
5	Re-election of Mr. Sim Yee Fuan who retires pursuant to Clause 78 of the Company's Constitution as Director		
6	Re-appointment of Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	Special Business		
7	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8	Proposed Renewal of Authority for Share Buy-Back		

(Please indicate with a cross "X" in the space provided whether you wish your vote to be cast for or against the Resolutions. If in the absence of specific directions, your proxy will vote or abstain from voting as he/she thinks fit).

Signed this________________ day of_______________ 2024.

____
Signature/Common Seal of Member^

^ *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 Form of Proxy 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 Form of Proxy 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.*

Notes:

1. **IMPORTANT NOTICE**

   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for 28th AGM in order to participate remotely via RPV.
2. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at **20 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to attend and vote instead of the member at the general meeting.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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 the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Guide for 28th AGM.

Notes: (Cont'd)

9. 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 general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Company's Share Registrar at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronics means
   The Form of Proxy can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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.

11. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

12. Last date and time for lodging the Form of Proxy is **Saturday, 25 May 2024 at 10.00 a.m**.

13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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 or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner.

   i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

   ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

      a. at least two (2) authorised officers, of whom one shall be a director; or
      b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX
STAMP

The Share Registrar of
HEXTAR HEALTHCARE BERHAD
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.

2nd Fold Here

Fold This Flap For Sealing

HEXTAR HEALTHCARE BERHAD
199601000297 (372642-U)

LOT 138201, OFF 3/4 MILE, JALAN BERCHAM,
KAWASAN PERINDUSTRIAN BERCHAM
31400 IPOH, PERAK DARUL RIDZUAN, MALAYSIA.

www.hextarhealthcare.com