HEXTAR HEALTHCARE BERHAD

(formerly known as Rubberex Corporation (M) Berhad)

199601000297 (372642-U)

ANNUAL REPORT

2022

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NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting ("27th AGM") of **HEXTAR HEALTHCARE BERHAD** (Formerly known as Rubberex Corporation (M) 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 Friday, 26 May 2023 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 2022 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 2023. **(Resolution 1)**

3. To approve the payment of Directors' Benefits of up to RM50,000.00 to the Non-Executive Directors for the period from 27 May 2023 until the Twenty-Eighth Annual General Meeting of the Company to be held in 2024. **(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. Lim Chee Lip [Clause 76(3)] **(Resolution 3)**
   (ii) Ms. Doris Cheng Chin Ching [Clause 78] **(Resolution 4)**
   (iii) Ms. Lim Siew Eng [Clause 78] **(Resolution 5)**
   (iv) Dato' Chan Choun Sien [Clause 76(3)] **(Please refer to Explanatory Note 4)**

5. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2023 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 pursuant to Section 85 of the Act read together with Clause 12 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered New Shares arising from the issuance and allotment of the Shares pursuant to Sections 75 and 76 of the Act, the Constitution of the Company and the approvals from Bursa Securities and any other relevant governmental and/or regulatory authorities where such approval is necessary AND THAT such New Shares when allotted shall rank pari-passu in all respects with the existing class of ordinary shares.

THAT the Directors of the Company is exempted from the obligation to offer such New Shares to the existing shareholders of the Company.

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").

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.

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

CHONG LAY KIM (SSM PC NO. 202008001920) (LS 0008373)
WONG YEE LENG (SSM PC NO. 202108000545) (LS 0010568)
Secretaries

Ipoh
27 April 2023

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 27th 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 27th 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 **18 May 2023**. 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 27th AGM.

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 website at https://tiih.online. Please follow the procedures set out in the Administrative Guide.

Notes: (Cont'd)

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 **Wednesday, 24 May 2023** 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.

14. Shareholders are advised to check the Company's website at www.rubberex-corp.com.my and announcements from time to time for any changes to the administration of the 27th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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 2023 are calculated based on the current board size and in accordance to 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 27 May 2023 until the 28th AGM of the Company to be held in 2024. In the event the proposed amount is 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. Lim Chee Lip, Ms. Doris Cheng Chin Ching and Ms. Lim Siew Eng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 27th 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 2022 at pages 18 and 19.

   Dato' Chan Choun Sien who is due for re-election pursuant to Clause 76(3) of the Constitution of the Company has indicated to the Company that he would not seek re-election at the 27th AGM. Therefore, Dato' Chan Choun Sien shall cease to be the Director of the Company upon the conclusion of the 27th AGM.

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 27th AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2022.

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").

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.

By approving the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act") and the Constitution of the Company, the shareholders having agreed to irrevocably waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Clause 12 of the Constitution of the Company which will result in a dilution to their shareholding percentage in the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Act which was approved by the shareholders at the Twenty-Sixth AGM held on 27 May 2022 and will lapse at the conclusion of the Twenty-Seventh AGM to be held on 26 May 2023. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

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 27 April 2023.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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

ADMINISTRATIVE GUIDE

Date	:	Friday, 26 May 2023
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 27th 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 27TH 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 27th 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 27th 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 27th 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 27th AGM using the RPV:-

Procedure	Action
BEFORE THE 27TH 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 27th AGM remotely	• Registration is open from **10.00 a.m. on Thursday, 27 April 2023** until the day of the 27th AGM on Friday, 26 May 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 27th AGM to ascertain their eligibility to participate the 27th AGM using the RPV facilities. • Login with your user ID (i.e. email address) and password and select the corporate event: "**(Registration) HEXCARE 27TH AGM**".

PROCEDURES FOR RPV (CONT'D)

Procedure	Action
BEFORE THE 27TH 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 **18 May 2023**, the system will send you an email after **24 May 2023** 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 27TH AGM DAY	
i. Login to TIIH Online	• Login with your user ID and password for remote participation at the 27th AGM at any time from 9.00 a.m., i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Friday, 26 May 2023.
ii. Participate through live streaming	• Select the corporate event: "**(Live Stream Meeting) HEXCARE 27TH AGM**" to engage in the proceedings of the 27th 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 27th 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 Friday, **26 May 2023** until a time when the Chairman announces the end of the voting session. • Select the corporate event: "**(Remote Voting) HEXCARE 27TH 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 27th 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 18 May 2023 shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote in the 27th 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 27th 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 27th AGM yourself, please do not submit any Form of Proxy for the 27th AGM. You will not be allowed to participate in the 27th 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 27th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Wednesday, 24 May 2023 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 its 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 27TH 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 27TH 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 27th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 27th 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 27th 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 27th AGM and the results of the voting will be announced at the 27th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

NO DOOR GIFT

- There will be no distribution of door gifts for the 27th 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 27th AGM, shareholders may in advance, before the 27th 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 **Wednesday, 24 May 2023** at **10.00 a.m**. The Board of Directors will endeavor to address the questions received at the 27th 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

LIM CHEE LIP
Executive Director

Y. BHG. DATO' CHAN CHOUN SIEN
Independent, Non-Executive

DORIS CHENG CHIN CHING
Independent, Non-Executive
(Appointed: 01 January 2023)

LIM SIEW ENG
Independent, Non-Executive
(Appointed: 01 January 2023)

Y. BHG. DATO' MOHAMED BIN HAMZAH
Independent, Non-Executive, Deputy Chairman
(Resigned: 31 December 2022)

Y. BHG. DATO' ONG CHOO MENG
Non-independent, Non-Executive
(Resigned: 31 December 2022)

AUDIT COMMITTEE

Y. Bhg. Dato' Chan Choun Sien
Chairman

Doris Cheng Chin Ching

Lim Siew Eng

NOMINATION & REMUNERATION COMMITTEE

Doris Cheng Chin Ching
Chairman

Y. Bhg. Dato' Chan Choun Sien

Lim Siew Eng

COMPANY SECRETARIES

Chong Lay Kim
(SSM PC No. 202008001920)(LS 0008373)

Wong Yee Leng
(SSM PC No. 202108000545)(LS 0010568)

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

Caixabank S.A.

Sabadell Atlantico S.A.

REGISTERED OFFICE

41, Jalan Medan Ipoh 6,
Bandar Baru Medan Ipoh,
31400 Ipoh, Perak Darul Ridzuan.
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.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

Stock name/code: HEXCARE/7803

WEBSITES

www.rubberex.com.my

www.rubberex-corp.com.my

www.reszonics.com

CORPORATE STRUCTURE

HEXTAR HEALTHCARE BERHAD

(Formerly known as Rubberex Corporation (M) Berhad)
(Malaysia)
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 including healthcare products

100%
Reszon Diagnostics International Sdn Bhd
Manufacturing and Sales of In-Vitro Diagnostics (IVD) Medical Devices

100%
Rubberex Spain SL
Trading of Gloves

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

DIRECTORS'/KEY SENIOR MANAGEMENT'S PROFILE

Mr. Liew Jee Min @ Chong Jee Min, aged 64, 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-six 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 YKGI Holdings Berhad, and sits on the boards of Parkson Holdings Berhad, Jaks Resources 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 63, 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.

Mr. Goh Hsu-Ming, aged 47, 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. Lim Chee Lip, aged 36, male, a Malaysian, is an Executive Director of the Company, appointed on 28 August 2020. 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.

Dato' Chan Choun Sien (Christopher), aged 52, male, a Malaysian, is an independent non-executive director of the Company and was appointed on 27 May 2020. He is presently 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.

Ms. Doris Cheng Chin Ching, aged 65, female, a Malaysian, is an independent non-executive director of the Company, newly 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 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 70, female, a Malaysian, is an independent non-executive director of the Company, newly 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 held various managerial positions and 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 was actively involved in numerous and diverse corporate exercises involving a cross-sector of clients from a broad base of industries. She also served on the respective credit committees 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 which was set up 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

None of the Directors has been convicted of any offences within the past 5 years other than possible traffic offences, if any.

There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

Directors' Shareholding

The details of the Directors' interest in securities of the Company are set out in the Statement of Shareholdings on page 68 of the Annual Report.

Dato' Mohamed bin Hamzah, aged 82, male, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996 and served as Chairman from 30 November 1998 to 27 August 2014 after which he opted for the re-designation of Deputy Chairman. Dato' Mohamed bin Hamzah resigned from the Board of Directors of the Company on 31 December 2022. In the current year, he served as the Chairman of the Remuneration and Nomination Committee and was a member of the Audit Committee of the Board. Dato' Mohamed bin Hamzah obtained a Bachelor of Arts (Economics) degree from University of Malaya in 1965 and a Masters degree in Business Administration from University of Edinburgh, United Kingdom in 1975. Dato' Mohamed bin Hamzah also spent twenty-five years of his career as a government officer in the Diplomatic and Administrative Service where he also served as the Deputy-Secretary General of the Ministry of Transport and Director of Land and Mines, Perak from 1984 to 1991. He was also on the Board of Perak State Development Corporation from 1984 to 1990 and served as Deputy Chairman of Klang Port Commission, Director of Penang Port and Klang Container Terminal from 1990 to 1991.

In 1991, Dato' Mohamed bin Hamzah retired optionally from the government service to join IGB Corporation Berhad as the Chief Operating Officer for the Perak operations of its property related business. He is currently the Chairman of Clearwater Sanctuary Golf Management Bhd which owns and operates a recreational resort for golf in Batu Gajah, Perak.

Dato' Mohamed bin Hamzah does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

Dato' Ong Choo Meng, aged 45, male, a Malaysian, was a non-independent non-executive director of the Company from 23 April 2020 until his resignation from the Board of Directors of the Company on 31 December 2022. He graduated from the Royal Melbourne Institute of Technology, Australia with a Bachelor of Business (Economics & Finance) degree. Dato' Ong Choo Meng is a highly competent and professional business leader with a commendable track record of over eighteen years in directing business growth, investment and expansion strategies within the Hextar Group of Companies. He is currently the Group Chief Executive Officer of the Hextar Group of Companies and Hextar Technologies Solutions Berhad (formerly known as Complete Logistics Services Berhad).

Dato' Ong Choo Meng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company.

En. Sabri bin Abd Hamid, aged 57, 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 54, male, a Malaysian, is currently the Chief Executive Officer of the Group's newly acquired 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.

Note:

Conviction of Offences

None of the Key Senior Management has been convicted of any offences within the past 5 years other than possible traffic offences, if any.

There were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2022.

CHAIRMAN'S STATEMENT

Dear valued stakeholders,

On behalf of the Board of Directors of Hextar Healthcare Berhad *(formerly known as Rubberex Corporation (M) Berhad)* ("Hexcare" or the "Group"), it is my privilege to present to you the Annual Report and Audited Financial Statements of the Group and of the Company for the Financial Year Ended 31 December 2022 ("FYE2022").

FYE2022 marked my second year as the Chairman, and I am gratified to witness the tenacity of the Group in navigating through a challenging business landscape that has persisted for the last three years since the onset of the COVID-19 pandemic in 2020. From our historic high just over a year ago, the glove and healthcare industries of late have been plagued with a global glut of medical supplies brought on by softer demand, concentrated intense competition from other manufacturers and excessive stockpiling by customers, finally resulting in plunging average selling prices (ASPs) to levels even lower than that of the pre-pandemic era.

It was also unfortunate that most countries' economies that were emerging from the after-effects of the pandemic in FYE2022 had to contend with further economic disruptions such as the heightened geopolitical Russia-Ukraine conflict, as well as China's strict Zero COVID-19 policy, resulting in unprecedented international supply chain disorders and persistently high global inflationary pressures. In response to these tensions, rising costs of materials, fuel, food, freight and transportation weighed negatively on economic activities and prompted several aggressive Federal Reserve rate hikes in tandem with strict monetary tightening policies by most central banks worldwide in a move to tame rising inflation. The International Monetary Fund (IMF), in its World Economic Outlook Update for January 2023, had prudently projected global growth at 2.9% for 2023, down from 3.4% in 2022 on the back of events which unfolded throughout the year *(Source: Inflation Peaking amid Low Growth (imf.org)).*

Despite these challenges, Malaysia's economy is expected to remain resilient due to robust domestic demand, stable employment and income prospects, and a rise in tourism activities. The present government administration undertook a revision of Budget 2023, which resulted in an allocation of RM388.1 billion towards various holistic and comprehensive expenditures to aid the Rakyat and businesses in dealing with rising costs of living. Growth in Malaysia will be driven primarily by the services and manufacturing sectors, however, downside risks such as prolonged geopolitical conflicts, climate-related disasters and persistently high inflation will cause some restraints on global economic growth and Malaysia's GDP performance. *(Source: https://budget.mof.gov.my/en/economic-fiscal/).*

Notwithstanding the severe headwinds and volatility that had characterized the challenging business landscape, the Group regrettably recorded a Loss After Tax of RM55.7 million for FYE2022, a sharp decline from RM185.7 million in the black just over a year ago, attributable to progressive plummeting of ASPs, higher operating costs and significantly weaker demand year-on-year. However, on behalf of the Board of Directors and Management of Hexcare, I wish to assure our valued stakeholders that the Group remains steadfastly committed to our core healthcare business and is resolutely determined to emerge stronger in the new financial year.

Acknowledgements

On behalf of the Board of Directors, I would like to extend my deepest gratitude to the Management and staff of Hexcare for their unwavering loyalty and commitment in this most challenging year of the Group's history. Their dedication and hard work have been central in ensuring that our operations and essential workforce remain intact, and we are immeasurably proud of their contribution.

I would also like to express my deep appreciation to Dato' Mohamed bin Hamzah and Dato' Ong Choo Meng for their untiring and exemplary leadership in guiding the Group, particularly to Dato' Mohamed bin Hamzah who has served the Company for over twenty-five years. We are also immensely grateful for the exceptional vision of our major shareholder, Dato' Ong Choo Meng, who has steered and positioned Hexcare to where it is today, poised for future growth and success. We extend our heartfelt wishes for their continuous good health and utmost triumphs in their future endeavours.

Concurrently, we are excited to welcome two new Board members to the fold - Doris Cheng Chin Ching and Lim Siew Eng. We are certain of their contribution to future Board decision-making with the wealth of knowledge, experience and expertise that they bring to the fore from their respective professional fields.

Finally, on behalf of the Board, I would also like to express our sincere appreciation to you, our valued shareholders for placing your trust in Hexcare. We also put on record our deepest appreciation to our business partners, financiers, professional advisors, the Malaysian government, agencies and other relevant authorities for their support and confidence in our business which have been crucial in helping us to navigate the uncertainties of the past year. I affirm our commitment to you that we are focused on building a stronger and sustainable future for Hexcare.

LIEW JEE MIN @ CHONG JEE MIN
Chairman

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MANAGING DIRECTOR'S STATEMENT

Dear valued shareholders,

The remnants of the COVID-19 pandemic that still hovers over us have had repercussions on how both companies and businesses are operated on a global scale. While the overall threat of serious infectivity and mortality has waned, there are still concerns of outbreaks in various parts of the world, particularly where a country has yet to achieve herd immunity from a fully vaccinated population. The healthcare industry saw demand for personal protective equipment such as gloves and other medical devices surge exponentially in the early years of the pandemic, leading to such super-normal profits that attracted a host of new industry players and additional capacity in the market.

Fast-forward three years later, the industry has tapered to a stage where demand is considerably muted, average selling prices (ASPs) are unattractive and buyers are plagued with excess inventories in their warehouses. Added to that is the presence of geopolitical tensions from the ongoing Russia-Ukraine conflict, rising commodity and labour costs as well as supply chain issues that continue to place pressure on the industry.

Financial Results

Against this backdrop, Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad) ("Hexcare" or the "Group"), regrettably posted a net loss of RM55.7 million on the back of RM175.0 million in revenue for the financial year 2022 just ended, a significant setback from profits of RM185.7 million recorded against revenue of RM510.0 million in the previous year.

The Group has proactively addressed the shortcomings of the financial year by prudently providing for impairment write-downs of inventories and certain property, plant and equipment in its books. As with our peers in the industry, we foresee the imbalanced supply-demand situation to persist over the next several financial quarters, well into most of year 2023 as well. The relentless low capacity utilization of our glove production lines coupled with higher operational costs contributed by increased gas and electricity tariffs do not make our mainstream products competitive in the marketplace.

That said, the Group remains optimistic and is confident of driving growth and innovation in the healthcare industry by turning to new markets, niche products, automation and other cost savings initiatives to stem rising cost challenges.

Inclusion into the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Indices

We acknowledge and support the work of the Malaysian government and the business community at large in actively promoting sustainable developments towards the achievement of a Net Zero Carbon Emissions target by 2050 in line with the United Nations Sustainable Development Goals (UN-SDG) on Climate Action. At Hexcare, we are committed to integrating sustainability through responsible business plans by endorsing a spectrum of Environmental, Social and Governance (ESG) principles that form the Group's policies and procedures, fostering a sustainable culture that promotes long term economic prosperity, benefits the environment or local communities, safeguards high social values and encourages transparent sustainability disclosures.

In this regard, we are proud and pleased to be included as one of twenty-one constituents of the globally renowned FTSE4Good Bursa Malaysia Index by Bursa Malaysia Berhad at their semi-annual review in December 2022. This index measures the performance of public-listed companies of the FTSE Bursa Malaysia EMAS Index, against international benchmarks, for their demonstration of strong ESG practices. In the same period, Hexcare was also evaluated and included into the FTSE4Good Bursa Malaysia Shariah Index as recognition for being Shariah-compliant, in accordance with the Shariah Advisory Council (SAC) screening methodology. We continue to uphold our beliefs and advocate sound sustainability applications across the Group's operations to deliver on our commitment towards a sustainable future for Hexcare.

Corporate Developments

Investment in Empire City Mall in the state of Selangor, Malaysia

In the previous financial year, the Management of Hexcare sought and obtained the approval from shareholders to diversify the business activities of the Group into property investments. In this regard, the Company entered into a joint collaboration with several parties for the development and operation of Empire City Mall which is currently being constructed as part of the overall development of Empire City, located in Klang Valley, Selangor, Malaysia.

The subscription of 200,000 ordinary shares valued at RM180.0 million represented 20% equity interest in Empire City Mall, and was duly allotted in April 2022. During the financial year, the Company made progressive payments towards the construction and completion of Empire City Mall and as of 31 December 2022, a total of RM142.8 million or 79.4% of the total purchase consideration has been made. Barring any unforeseen delays, Empire City Mall is expected to be fully constructed and operational by second quarter of 2024.

Acquisition of Reszon Diagnostics International Sdn Bhd

On 31 May 2022, the Company entered into a conditional share sale agreement with Law Eng Lim and Revongen Corporation Sdn Bhd for the acquisition of 500,000 ordinary shares in Reszon Diagnostics International Sdn Bhd ("Reszon") for a total purchase consideration of up to RM180.0 million, to be satisfied by a combination of up to RM54.0 million in cash and 177,690,030 new ordinary shares in Hexcare at an issue price of RM0.7091 per share, subject to profit guarantee clauses put in place.

Reszon's principle business activity is the manufacturing and sales of in-vitro diagnostics (IVD) medical test kits, including COVID-19 rapid test kits (RTK) and test kits for the diagnosis of infectious diseases and drug-of-abuse screening. These products are targeted towards medical professionals and the clinical diagnostic markets in Malaysia and overseas.

The acquisition was completed on 31 October 2022 and while Reszon's loss contribution to the Group in 2022 was minimal, its net assets were effectively consolidated into the Group at the close of the financial year.

Future Prospects

Looking ahead, the Group remains committed to growth and innovation within the broader healthcare sector, encompassing other health-related products and services besides personal protective equipment and medical devices. As and when appropriate, we will make the necessary announcements and provide relevant progress reports accordingly.

Acknowledgements

In closing, I would like to express my sincerest appreciation to the Board of Directors of Hexcare for the invaluable support and counsel as we navigated through a challenging year for the Group. My heartfelt pride and gratitude also extend to the staff and employees of Hexcare Group for their unwavering dedication, hard work and perseverance shown in the face of a difficult financial year just ended. We are poised to emerge stronger and remain steadfast to the Group's core values of Integrity, Hard Work and Loyalty.

Khoo Chin Leng
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Following its successful name change in September 2022, Rubberex Corporation (M) Berhad has since been known as Hextar Healthcare Berhad ("Hexcare" or the "Group"). Consequently, its listed shares are now quoted as "Hexcare" (Stock code: 7803) and reclassified from the Industrial Products sector to the Healthcare sector of Bursa Malaysia Securities Berhad. This was to better reflect the Group's intent and diversified move into the broader healthcare business, to encompass other healthcare-related products and services into its fold besides solely dependent on gloves as its mainstream personal protective equipment (PPE) gear.

Hexcare's headquarters and glove manufacturing facilities are located in Bercham Industrial Area, Ipoh, Perak and situated on total land size area of approximately 24 acres. Its subsidiary companies have traditionally focused on the production and sales of household and 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 and other European Union (EU) nations.

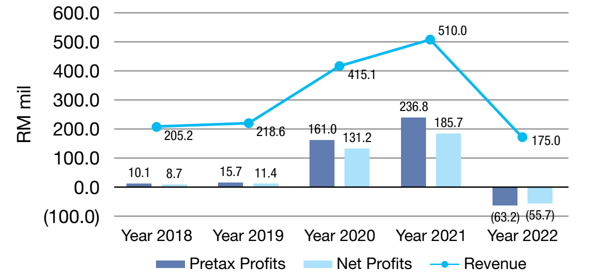
Prior to its diversification into Healthcare, Hexcare had also ventured into property investment in 2021 and holds a 20% equity stake in a shopping mall known as Empire City Mall, which is currently being developed as part of a larger project of Empire City in Klang Valley, Selangor, scheduled for completion by second quarter of 2024. However, the catalyst that spurred Hexcare's bona fide venture into Healthcare and the Company's name change was the successful acquisition of Reszon Diagnostics International Sdn Bhd ("Reszon") in October 2022. Reszon is a leading manufacturer 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 Puchong and Subang Jaya, Selangor.

The Year Under Review

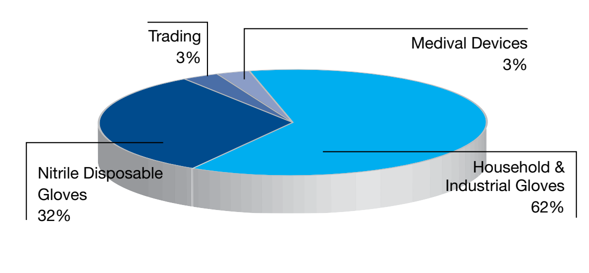
Financial year 2022 ("FYE2022") that just ended was one that tested the strength and resilience of the Group in terms of financial, operational and human capital management. The supernatural high demand for PPE at the onset of the COVID-19 pandemic led to exceptional intense competition and fresh enlarged supplies of gloves in the market so abruptly and abundantly that average glove selling prices (ASPs) then plunged to new record lows - all within a relatively short period of three years. Such challenging business cycles were compounded in FYE2022 by China's strict zero COVID-19 policies, unprecedented supply chain disruptions, the intensified Russia-Ukraine conflict, surging global commodity costs and rising inflationary pressures in major world economies.

Against this backdrop, Hexcare and its peers in the glove industry were confronted with price wars and sales demand for Made-in-Malaysia gloves that was as uninspiring as the low plant capacity utilization made worst by higher raw materials and energy costs, margin compressions and stocks obsolescence that drove many well-established gloves players into loss-making territories in the last twelve months. As the world acknowledged the transition of COVID-19 into endemicity, global vaccination rates improved and population herd immunity gradually reached, the demand for once-critical healthcare PPE was no longer at the forefront of consumption. Indeed, from a high of RM510.0 million in sales turnover from financial year 2021, Hexcare's revenue settled at RM175.0 million in FYE2022, a decrease of 66%. More significantly, in response to the severe market headwinds of the current year, the Group regrettably recorded a net loss of RM55.7 million, a steep decline from RM185.7 million in profits achieved just over a year ago:

Group Financial Performance

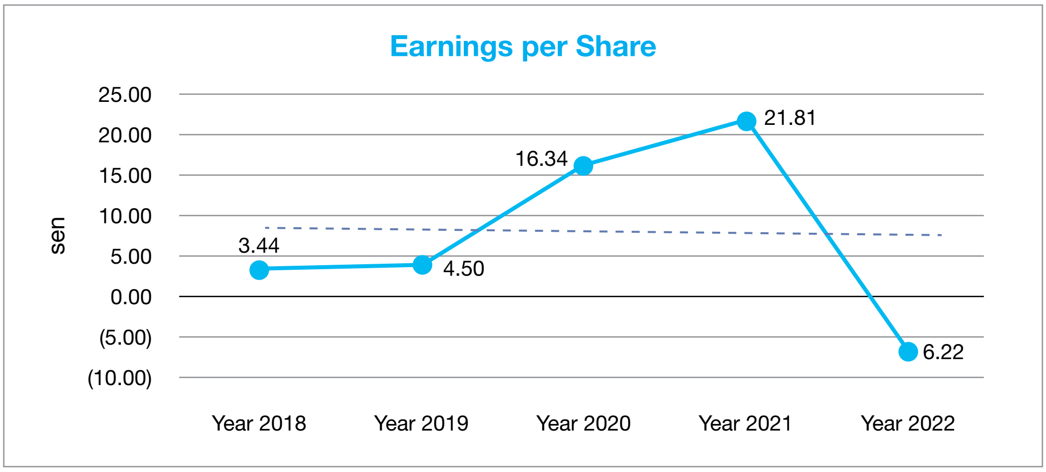


Sales Contribution by Division



The financial shortcomings of FYE2022 were precipitated by unfavourable and softer market demands that prompted a RM32.8 million write-down of certain glove inventories to net realizable values (NRV) by year-end. Given the unlikely prospect of demand-supply rebalancing in the short to medium term, the Group also provided for an impairment loss of RM20.0 million to the carrying values of its plant and machineries in the year under review.

As a result of these substantial adjustments, the Group's earnings per share (EPS) nosedived from a record 21.81 sen in the previous financial year to negative 6.22 sen in FYE2022:



Hexcare's audited results included the loss contributed by the Group's newly minted wholly-owned subsidiary, Reszon, for the last two months of FYE2022. While its impact to the Group was minimal in this inaugural year, Reszon's assets and liabilities were duly and effectively consolidated into the Group by 31 December 2022.

Key Operating Divisions

Nitrile Disposable Gloves

Admittedly the Group's hardest hit division in FYE 2022, sales of nitrile disposable gloves tumbled on the back of acute intensified competition from other glove manufacturers in Malaysia and overseas who contributed to the market over-supply and subsequent price wars.

In the financial year just ended, this division generated RM56.1 million in revenue, or a contribution of 32% to the Group, a stark contrast from RM358.6 million or a solid 70% one year ago. Weak and watered-down order books throughout the year saw sales volumes contracted by 716.7 million pieces, from a high of 1.2 billion pieces sold previously, down to 507.5 million pieces year-on-year. Likewise, in a predominately buyers' market, the Group took a hit to its topline when ASPs plummeted from USD71/1000 pieces in the previous year to USD25/1000 pieces in FYE2022, a significant reduction of 64%. Despite a ready installed capacity of 2.2 billion pieces of gloves, the soft demand led the Group to produce a fraction of that, i.e. at less than 20% utilization rate or 404.8 million pieces, a glaring disparity from 1.6 billion pieces churned out at the height of the pandemic the year before.

All said, with such unfavourable market conditions to contend with, the Group conceded to a full write-down in the value of its unsold nitrile disposable glove stocks to NRV by year-end, which amounted to RM32.8 million. Notwithstanding the recession-proof nature of gloves amidst greater health, safety and hygiene awareness among the medical community and the global population in general, the Management foresees the current over-supply situation to prevail past 2023. With persistently low capacity utilization forecasted in the next several financial quarters, the Group also duly assessed and subjected its idle production lines to an impairment loss of RM20.0 million in FYE2022.

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

In FYE2022, the Group's traditional stronghold of the Household and Industrial glove division contributed RM109.0 million or 62% in terms of revenue to the Group, surpassing that of the nitrile disposable glove division in a clear reversal of roles from previous financial year.

While a total of 47.4 million pairs of household and industrial gloves were produced, against 52.7 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. Though the cost of natural rubber, a key component in the manufacture of household gloves increased slightly by approximately 1%, this was negated by more pronounced savings from the cost of synthetic latex for industrial gloves which trended downwards by 36% in the same financial period. Unlike nitrile disposable gloves, the reusable nature and unique properties of these gloves accord them greater consistency in terms of pricing and less vulnerability to competition risks. Gross profit margins remained range-bound at 17% to 26% 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 set up in 2005 to forge and support strategic business relationships with a leading supermarket chain called Mercadona S.A. ("MSA"), in Spain. RSSL operates and maintains a 35,000 square feet warehouse in Valencia and has a staff count of eight who manages the procurement of gloves from related companies in Malaysia, for eventual sales and distribution to MSA and other customers in Spain and Europe. In FYE2022, trading activities accounted for RM25.0 million or 14% of Group revenue.

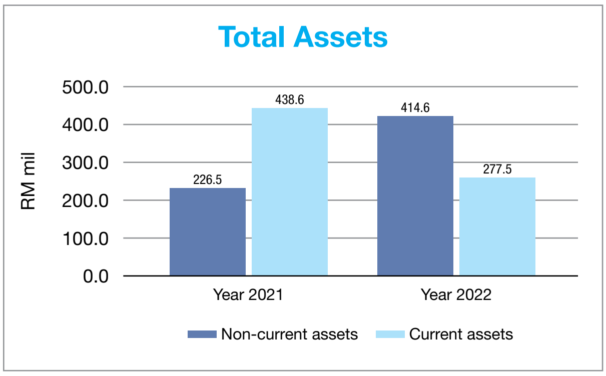
Unfortunately, owing to the intense on-going price wars and tight race for market share by overseas competitors, the divergence in prices and margins became too wide a gap to bridge and the Group's collaboration with MSA was discontinued by mutual consent in July 2022. Since then, RSSL's business direction has been focused on growth, capitalizing on its strong networks, alliances and recognized presence in Spain to establish inroads with other customers around the EU regions and other Spanish-speaking nations. By year-end, RSSL had secured several shipments to a number of customers in Brazil, South America.

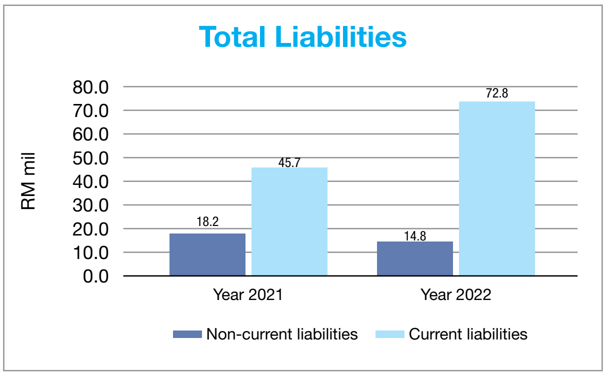
Medical Devices and Rapid Test Kits (RTKs)

Hexcare's newest operating division took shape after the acquisition of Reszon, a medical rapid test kit (RTK) manufacturer, at the end of October 2022. Following that, Reszon's financial results have been consolidated into the Group and for the last two months of FYE2022, this division recorded an after-tax loss of RM0.4 million on the back of RM5.1 million in revenue contributed by the sales of 969,000 units of RTKs for the detection of COVID-19, human immunodeficiency virus (HIV) and drug-of-abuse screenings.

Strategic Capital Allocation Key to Maximising Returns

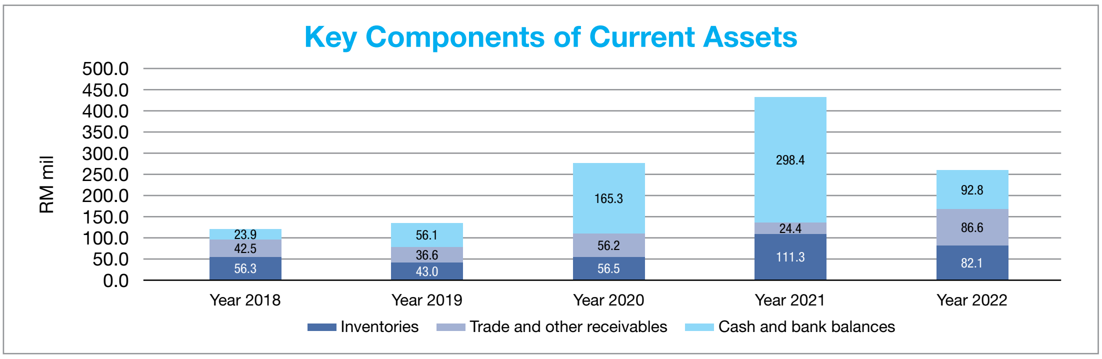
Assets and Liabilities





The Group's total assets and liabilities as of 31 December 2022 had incorporated the balances of Reszon in this first year of consolidation under Hexcare. The post-acquisition integration of Reszon's net assets of RM41.0 million had further strengthened the Group's financial position.

Total assets as of the end of FYE2022 stood at RM692.1 million, of which 60% or RM414.6 million were deemed non-current, compared to 34% or RM226.5 million out of RM665.1 million as of the previous year, mainly due to the recognition of the Group's 20% equity investment in Empire City Mall which amounted to RM180.0 million. Correspondingly, total bank balances had depleted by RM205.6 million to close at RM92.8 million by 31 December 2022, from RM298.4 million held previously as this investment was funded by the Group's internal cash reserves of RM1429 million. Major cash outflows in FYE2022 included the re-purchase of treasury shares that amounted to RM24.0 million, payment of income taxes of RM15.6 million, purchase of property, plant and equipment of RM13.9 million and net cash paid for the acquisition of Reszon, of RM7.9 million.

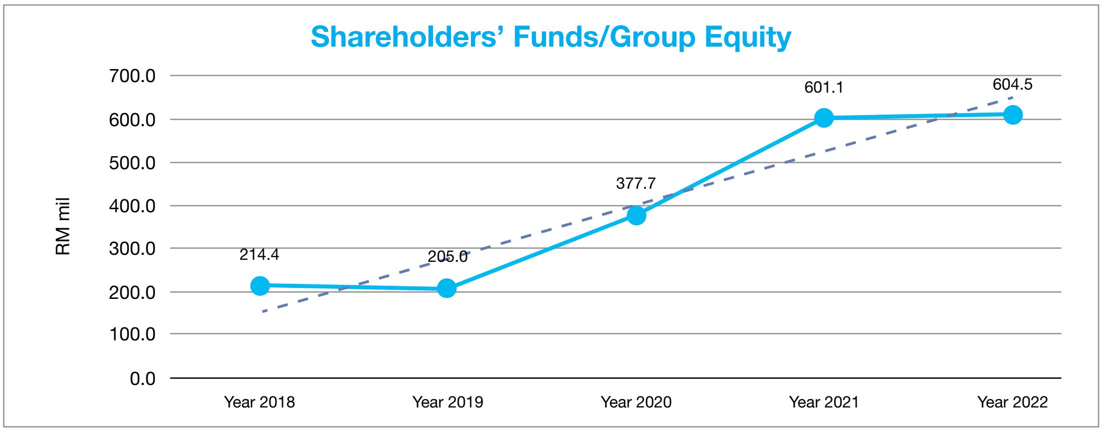


Other notable variances to the Group's assets included the lower cost of finished goods, by RM32.4 million, primarily due to the write-down of inventories to NRV of RM32.8 million in the current year. Trade and other receivables had increased by RM62.2 million owing to the creation of an escrow account for shares valued at RM62.6 million pending to be released to the vendors of Reszon subject to their annual profit guarantee for financial year 2023.

On the other hand, the Group's total liabilities of RM87.6 million as of the close of current financial year-end represented an increase of RM23.6 million or 37% from previous year of RM64.0 million. Included in these balances were the remaining four instalments of shares subscription monies payable to an associated company for the Group's investment in Empire City Mall that amounted to RM37.1 million as well as a contingent consideration sum of RM6.4 million payable to the vendors of Reszon.

The Group's average trade collection period was 44 days, against an average trade payment period of 35 days in FYE2022. The Management believed that these ratios were more reflective of stabilizing signs in the glove industry as compared to 17 days and 18 days respectively of the previous year where glove demands were extraordinarily affected by the pandemic. The Group has preserved sufficient and adequate liquidity to meet short-term debt obligations as evident from its latest current ratio of 3.8 times.

Group borrowings as of 31 December 2022 comprise term loans of RM0.9 million and hire purchase payables of RM1.8 million. Debt remains negligible and manageable where relatively low debt-to-equity as well as gearing ratios of 14.5% and 0.4% respectively were established for FYE2022. Over the years, the Group has maintained very prudent and cautious approaches to debt and capital management in order to sustain shareholders' value. This was all the more evident in FYE2022 where despite net losses of RM55.7 million in the current year, Group Equity remained fairly intact, even with a slight growth from RM601.1 million to RM604.5 million, contributed by the new 177,690,030 ordinary shares issued in October 2022.



Anticipated and/or Known Risks

Competition and the Marketplace

At the peak and fear of COVID-19 more than three years ago, pre-vaccine, where the need for protective gear and safety wear by frontline workers was at an all-time high, glove makers were seen scrambling to raise capacities in the shortest time possible. The sudden surge in demand and ASPs also attracted many non-glove players into the game as well, both in Malaysia and around Asia, enticed by the supernormal and quick profits never seen in this industry. The resultant influx of new suppliers and higher volumes of nitrile disposable gloves in the market inadvertently promoted keen competition and led to the gradual decline of ASPs by mid-2021.

Meanwhile, in a new normal that included social distancing and mandatory mask-wearing, greater health, safety and hygiene awareness inevitably sneaked into our daily lives. As a result of this, Management anticipates that global glove demand will prevail and the current oversupply situation would also be expected to be balanced out by natural competition over time, where less efficient players would be defeated in the game by more resourceful, competent and bigger players.

As glove ASPs would be expected to remain in the doldrums for the next several financial quarters, in the current year, the Group actively channeled its resources to produce and market several niche and specialty products 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 marketing team that possesses extensive in-depth knowledge of the glove market, allowing the Group to thrive and capture new opportunities as and when the market evolves.

Commodity Prices Rise on Inflation Concerns

A key component in the production of nitrile disposable gloves is natural gas, the cost of which has escalated by as much as 62%, from an average of RM28.82/MMBtu in the previous year to RM46.56/MMBtu in FYE2022, 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 were range-bound at between RM4.66/kg wet to RM6.84/kg wet and settled on an average of RM5.74/kg wet, a slight increase of 1% from the previous year of RM5.68/kg wet. On the other hand, prices of synthetic latex, specifically nitrile butadiene rubber (NBR), which was applied in the production of industrial as well as disposable gloves, slumped on lower demand and consumption by glove manufacturers in Malaysia, by as much as 36% and 44% respectively year-on-year.

In order to mitigate the impact of these price fluctuations, the Group continues to closely monitor the costs of such raw materials, hedges its orders and deliveries, and applies price-adjustment mechanisms to counter these risks where necessary, while remaining competitive in the market.

Manual Labour versus Automation

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 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 stacking operation where automation and mechanization were directed to improve the glove layering process and count accuracy, effectively eliminating the need to deploy manual labour at this particular operation.

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"). 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 2022, the Group has hedged USD215,000 and EUR244,000 for short term net proceeds receivable in January 2023.

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

The Group's planned diversification from the glove industry into Property Investments and Healthcare were not without the inherent risks and challenging characteristics 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 business.

In 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 for the long-term sustainability of Hexcare.

Prospects and Outlook

As the world eases out from a pandemic, the resumption of economic activities and lifting of various restrictions 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. However, according to the Malaysian Rubber Glove Manufacturers Association ("MARGMA"), global glove demand is projected to return to pre-pandemic levels by 2023, breaching 300 billion pieces, from 280 billion pieces in 2018 and 340 billion pieces in 2019 *(Source: The Star - Margma: Glove demand to normalise in 2023).*

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. The Group's successful acquisition of Reszon during the year was also a strategic stepping stone into the Healthcare industry, backed by constructive lessons learnt from the pandemic years. With improvements and technological advances in the medical field as well as greater accessibility to health-related products and services, the Group believes that its growth and innovation would primarily be driven by renewed demand accompanied by heightened health and safety awareness within our united communities, nations and populations.

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 eighteen to twenty-four months when the mall becomes fully operational by 2024. 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 FYE2022.

Dividend policy

Hexcare has not declared or paid any dividends in the last three financial years as it is focused on charting an 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 term.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

Dato' Chan Choun Sien	(Chairman, Independent Non-Executive Director)
Dato' Mohamed bin Hamzah	(Independent Non-Executive Director, resigned on 31 December 2022)
Liew Jee Min @ Chong Jee Min	(Independent Non-Executive Director, resigned on 31 December 2022)
Doris Cheng Chin Ching	(Independent Non-Executive Director, appointed on 01 January 2023)
Lim Siew Eng	(Independent Non-Executive Director, appointed on 01 January 2023)

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. Five Audit Committee meetings were held during the financial year ended 31 December 2022. The attendance record of each member is as follows:-

Name	Attendance	Percentage
Dato' Chan Choun Sien	5/5	100%
Dato' Mohamed bin Hamzah	5/5	100%
Liew Jee Min @ Chong Jee Min	5/5	100%

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities of the Audit Committee in the financial year ended 31 December 2022 were as follows:

1. Reviewed the Risk Management Registers prepared by Management and assessed the risk management practices of the Group;

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

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

4. 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;

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

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

6. 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;

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

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

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

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CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (the "Board") of Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad) ("Hexcare" or the "Company") is pleased to present this Corporate Governance Overview Statement for the financial year ended 31 December 2022, highlighting its corporate governance practices carried out during the year as guided by the principles set out in the Malaysian Code on Corporate Governance 2021 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 website www.rubberex-corp.com.my and announced on Bursa Securities.

BOARD LEADERSHIP AND EFFECTIVENESS

Principal Duties

The Board takes full responsibility for the overall performance of the Company and of 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, two Executive Directors and four non-executive directors, four of whom 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 Directors also contribute their knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.

Within the Board, there were three active working committees, namely the Audit Committee, the Nomination Committee 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 2022. However, the Nomination and Remuneration committees have since merged in January 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. Some of the training sessions attended by the directors in the financial year include:

1.	A Bumpy Transitional Year	January 2022
2.	MFRS and Malaysian Code of Corporate Governance Update	January 2022
3.	Investment Outlook for 2022	January 2022
4.	Levelling Up the Logistics Strategy for SMEs	February 2022
5.	Insuretech Webinar	March 2022
6.	47th ASEAN – Japan Business Meeting	March 2022
7.	Directors' Liabilities to LHDN	April 2022
8.	Insights into Task Force on Climate – Related Financial Disclosures ("TCFD") and Sustainable Finance	April 2022
9.	Anti-Bribery & Corruption Awareness – Safeguarding the Group, its Directors, Management & Other Personnel from Corruption Prosecution	April 2022
10.	Audit Oversight Board's Conversation with Audit Committees: Good Practices for Audit Committees in Supporting Audit Quality	April 2022
11.	Sustainability Training Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance (ESG)	June 2022
12.	Tax Corporate Governance Framework and Guidelines	July 2022
13.	Cybersecurity Awareness Training	September 2022
14.	2022 Asia Conference: Collaboration in the Post Pandemic World	September 2022
	Practical Updates on Malaysia Financial Reporting Standards (MFRS)	October 2022
15.	Conversations with Audit Committees	November 2022
	Bursa Malaysia Immersive Experience: The Board "Agender"	November 2022
16.	Briefing on Directors' Assessment of Board of Directors and Committees	December 2022
17.	Audit Oversight Board's Conversation with Audit Committees: How the Audit Committees and Auditors can Work Together Towards Reliable Financial Statements	December 2022
18.	Doctor of Business Administration	On-going

Board Meetings

Four Board Meetings were held during the financial year ended 31 December 2022. The attendance record of each director during the year was as follows:

Name	Attendance	Percentage
Liew Jee Min @ Chong Jee Min (Independent Non-Executive Chairman)	4/4	100%
Dato' Mohamed bin Hamzah, *resigned on 31 December 2022* (Independent Non-Executive Deputy Chairman)	4/4	100%
Dato' Ong Choo Meng, *resigned on 31 December 2022* (Non-Independent Non-Executive Member)	4/4	100%
Dato' Chan Choun Sien (Independent Non-Executive Member)	4/4	100%
Khoo Chin Leng (Managing Director)	4/4	100%
Lim Chee Lip (Executive Director)	4/4	100%
Goh Hsu-Ming (Executive Director)	4/4	100%

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

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meetings (Cont'd)

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 the Deputy Chairman, Dato' Mohamed bin Hamzah, other board members as well as the Managing Director and Executive Directors who contribute their knowledge, objectivity and experience towards the execution of policies and monitoring of Group operations.

Appointment and Nomination of Directors

The roles and responsibilities of the Nomination Committee and Remuneration Committee have since merged on 01 January 2023.

The Nomination and Remuneration Committee comprises the following directors:

Dato' Mohamed bin Hamzah (Chairman), *resigned on 31 December 2022*
Dato' Chan Choun Sien
Ms. Doris Cheng Chin Ching (Chairman), *appointed on 01 January 2023*
Ms. Lim Siew Eng, *appointed on 01 January 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.

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;
- Deliberated on the latest amendments to the Listing Requirements in relation to the tenure of Dato' Mohamed bin Hamzah as an independent non-executive Director of the Company, having served for a cumulative term of more than twelve(12) years;
- Reviewed and considered the resignation of Dato' Ong Choo Meng as a non-independent non-executive Director of the Company;
- Reviewed and considered the appointments of Ms. Doris Cheng Chin Ching and Ms. Lim Siew Eng as independent non-executive Directors of the Company;
- Reviewed and assessed the appointments of Directors standing for re-election at the forthcoming Annual General Meeting; and
- Reviewed and proposed for adoption of the Company's Directors' Fit and Proper Policy by the Board, which has since been approved in June 2022.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 Directors 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.

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 2022 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 ^	3,601	–	–	–
Non-executive Directors	25	233	25	233
Total	3,626	233	25	233

^ including benefits-in-kind

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Remuneration (Cont'd)

1. Aggregate remuneration of directors of the Group and of the Company categorised into appropriate components: (Cont'd)

   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	–	6	69
Dato' Mohamed bin Hamzah, *resigned on 31 December 2022*	–	7	67
Dato' Chan Choun Sien	–	7	58
Dato' Ong Choo Meng, *resigned on 31 December 2022*	–	5	39
Khoo Chin Leng	1,258	–	–
Lim Chee Lip	633	–	–
Goh Hsu-Ming	600	–	–
	2,491	25	233

** including benefits-in-kind*

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	–	1
RM50,001 to RM100,000	–	3
RM100,001 to RM200,000	–	–
RM200,001 to RM300,000	–	–
RM600,001 to RM700,000	2	–
RM1,200,001 to RM1,300,000	1	–

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	
RM600,001 to RM650,000	3
RM1,050,001 to RM1,100,000	1
RM1,250,001 to RM1,300,000	1

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Supply of information

All Board members are supplied with information in a timely manner. Board reports are circulated at least three 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 Dato' Chan Choun Sien, 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 issue to shareholders.

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 ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code").

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

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 64 and 65 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.

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.

For the last three financial years, the Company has conducted its Annual General Meeting on a fully virtual basis, for the safety and well-being of the shareholders. The Company's resolutions set out in the Notice of Annual General Meeting were put to a vote by poll, the results validated by an independent scrutineer and presented to the shareholders. This same practice will prevail at the forthcoming Annual General Meeting.

Any queries or concerns with regards to the Hexcare Group may be addressed to the following persons:-

Ms. Chong Lay Kim, Company Secretary (Email: lay.kim.chong@my.tricorglobal.com); or
Ms. Wong Yee Leng, Company Secretary (Email: yee.leng.wong@my.tricorglobal.com)

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Private Placement Exercise

Details of the proceeds raised from the Private Placement exercise in August 2021 amounting to RM66.6 million were utilized as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation	Explanation (if the deviation is 5% or more)
Acquisition of double-formers nitrile disposable glove production lines	66,120	–	Within 24 months from completion i.e., August 2021	N/A	Amount not yet utilised
Estimated expenses	462	462	Immediate	–	–
Total	**66,582**	**462**			

Share Buy-backs

A total of 49,673,100 shares were bought back and retained as treasury shares during the financial year as set out below:

Month	No. of shares repurchased and retained as Treasury Shares	Highest price paid RM	Lowest price paid RM	Average price paid # RM	Total consideration paid RM
March	1,571,000	0.3450	0.3350	0.3441	540,619
June	11,654,600	0.5700	0.5000	0.5511	6,422,590
August	36,447,500	0.4850	0.4500	0.4671	17,025,055
	49,673,100	0.5700	0.3350	0.4829	23,988,263

 # inclusive of brokerage, commission, clearing house fee and stamp duty

Audit and Non-Audit Services

Purpose	The Group RM	The Company RM
Fees paid/payable:		
Auditors of the Company:		
Statutory audit	252,500	79,500
Non-audit services	3,000	3,000
Other auditors:		
Statutory audit	45,681	–

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

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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 up to 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 during the financial year ended 31 December 2022.

SUSTAINABILITY STATEMENT

Introduction

The Board of Directors of Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad) ("Hexcare" or the "Group") and its subsidiary companies are pleased to present its Sustainability Statement for the financial year ended 31 December 2022 ("FYE2022"). 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.

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 have incorporated the "Governance" aspect into our Economic pillar this year, 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 at Bursa Malaysia's recent semi-annual review in December 2022. 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.

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 these goals and meet the framework's ambitious targets by 2030. In FYE2022, 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

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 FYE2022 assessment:

Key Stakeholders	Engagement Platforms	Key Areas of Concern
Employees	• Memorandums • Meetings with management • Performance appraisal reviews • Employee engagement activities	• Health and safety • Welfare and benefits • Training and career development • Human rights and fair labour practices
Customers	• Meetings and site visits • Customer audits • International tradeshows • Customer satisfaction surveys	• Supply chain management • Product quality and safety • Customer satisfaction
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
Suppliers	• Meetings and site visits • Supplier assessments	• Business ethics • Pricing and supplies • Product Quality and Safety • Supply Chain Management
Government/Regulators	• Meetings • Site visits and inspections	• Labour rights • Safety compliance • Environmental compliance • Regulatory compliance
Local Communities	• Corporate social responsibility (CSR) programmes	• Pollution management • Employment opportunities

OUR SUSTAINABILITY GOALS VS. FYE2022 PERFORMANCE AT A GLANCE

Economic

Zero tolerance to bribery or corruption

- **Achieved zero** bribery or corruption cases in FYE2022

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

Achieved Net Zero Carbon Emission by 2050

- Ongoing

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

- We are certified with ISO 14001:2015

Social

Achieved 40% female workforce by year 2025

- 39% workforce are female as at 31 December 2022

Description / Years	FYE2021	FYE2022
Female workforce	37%	39%

Achieved 45% female leadership in managerial positions (Manager and above) by year 2030

- 44% leadership in managerial positions are female as at 31 December 2022

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

- **Achieved zero** incidence of discrimination or any violence in FYE2022

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

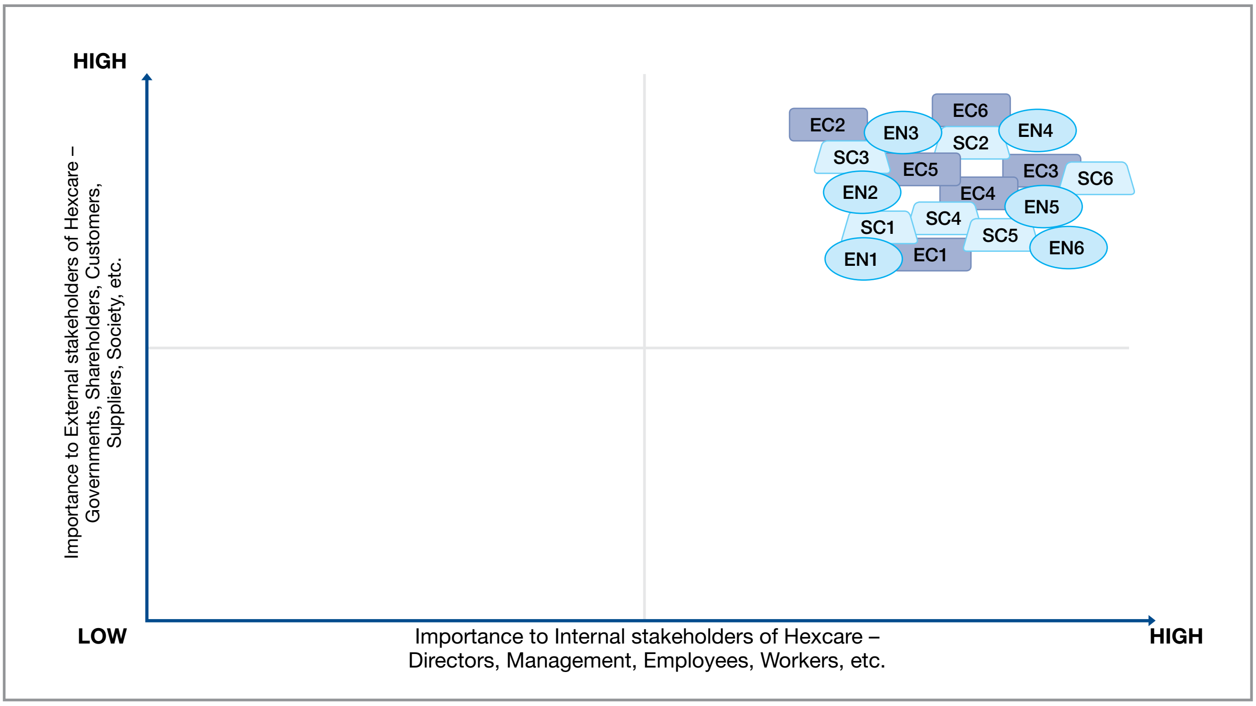
- Reduced work related injuries rate to 0.93 in FYE2022

Zero incidence of fatalities

- **Achieved zero** incidence of fatalities in FYE2022

Description / Years	2021	2022
Work related injuries	12	6
Incident Rate	1.20	0.93
Work related fatalities	0	0

For FYE2022, the Group's sustainability goals were measured against certain identified issues that would impact our stakeholders, both internal and external. 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. With that, the results have been summarized and presented in a grid diagram below:



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	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

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 what it deemed its most challenging year thus far, recording a historic net loss of RM55.7 million against revenue of RM175.0 million, in stark contrast to the historic high net profit of RM185.7 million alongside revenue of RM510.0 million just a year ago. 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 two to three years as excess capacities are absorbed and glove demand prevails over heightened safety standards.

(i) EC1: Strong Shareholder Support

In the current year, the Company changed its name to Hextar Healthcare Berhad, to better reflect the Group's core business and cement its 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. Though Dato' Ong resigned from the Company's Board of Directors at the end of FYE2022, he had seamlessly integrated his management team into the Group, merging a wealth of knowledge, experience and expertise from various professional fields that had proven synergistic to Hexcare as we capitalized on our mutual strengths to chronicle new growth and secure the long-term sustainability of the Group.

Hexcare's notable investment in medical test kit maker, Reszon Diagnostics International Sdn Bhd ("Reszon"), during the year was also undertaken in the best interest of the Group. 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. Expanding the Group's product offerings opens up limitless growth opportunities in terms of markets, applications, networks and customers. Similarly, our prior venture into property investment the year before, via a 20% equity stake in Empire City Mall, 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 largest shareholder, these acquisitions would not have materialized into fruition.

(ii) EC2: Solid Balance Sheet

Despite the significant losses recognized in FYE2022, the Group's Total Equity or net tangible assets as of the end of the financial year had remained fairly intact, at RM604.5 million compared to RM601.1 million in the previous year. The consolidation of the Group's newest subsidiary company, Reszon, post-acquisition, had further strengthened the Group's financial position with the addition of RM41.0 million in net assets on board.

Hexcare's issued and paid up share capital had increased by RM83.5 million during the year, to RM341.3 million with the issuance of 177,690,030 new ordinary shares. As of 31 December 2022, the Group's net asset per share, discounting treasury shares held, was RM0.60; this represented a premium of RM0.23 or 62% over Hexcare's last publicly traded price of RM0.37 on Bursa Malaysia at the close of the year, indicating high potentials for returns and values to shareholders.

It is worth noting that the Group's 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 towards 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.

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:

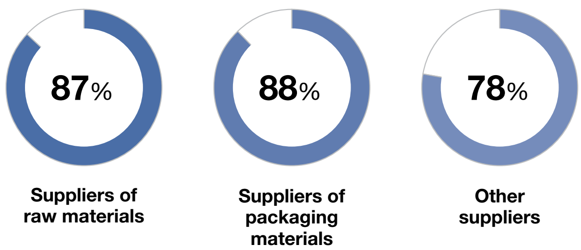
(a) Supplier Assessments

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.

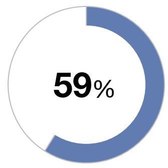
In FYE2022, the evaluation of suppliers for our Malaysia operations have consistently achieved Grade A, with performances rated in the range of 71% to 99%, underscoring the quality and positive attributes of such providers and business partners in order to justify engaging their services with the Group:

	Average Rating
Suppliers of raw materials	87%
Suppliers of packaging materials	88%
Other suppliers	78%



Since the establishment of our Anti-Bribery and Corruption Policy in June 2020, a copy of which is available 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. Official notifications on this matter were sent out to 181 suppliers in year 2022, and a total of 106 have responded accordingly; outstanding acknowledgements are being 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 business partners are equally committed to this stance in their business dealings with the Group as well.

No. of Notifications of Anti-Bribery and Corruption sent	181
No. of replies received	106
Response rate	59%



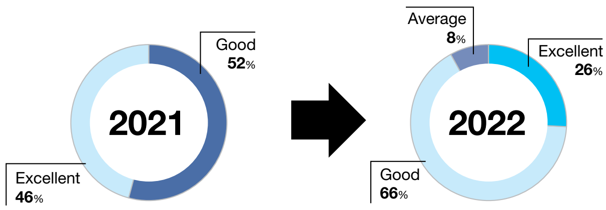
Response rate

(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 sales 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 FYE2022 indicated that 92% of our customers have rated the Group as "good" or "excellent" in terms of product quality, service and business support:

No. of customers surveyed	76
No. of replies received	50
Response rate	66%
Results:	
Rating: Excellent	26%
Rating: Good	66%
Rating: Average	8%



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. After a breather due to the pandemic in the last two years, surveillance audits resumed in FYE2022 with ten such social audits carried out on-site by customers and/or third-party appointed independent auditors.

More significantly, the Group was graded and has passed its annual stringent and rigorous SEDEX Members Ethical Trade Audit (SMETA) conducted by the Supplier Ethical Data Exchange (SEDEX) organization 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.

(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.

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. 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.

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

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

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 FYE2022.

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 in our quest to protect Mother 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 believes that efficient usage of energy is an important aspect of being a sustainable company and strives to continuously improve in this regard. On a yearly basis, Hexcare is assessed by a qualified registered electrical energy manager appointed by Suruhanjaya Tenaga Malaysia (Energy Commission of Malaysia) on compliance to relevant legislative and regulatory requirements as well as on efficient management of electrical energy. Where practical and economically viable, several cost saving initiatives were also reviewed and implemented throughout the year, such as the adoption and conversion of conventional lightings to LED types at various parts of the plants to improve lighting efficiency and reduce costs.

In the previous year, 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 cost savings predicted from such investment amounts to between RM1.2 million to RM1.5 million per year; this ultimately translates to higher returns to the Group in the long run. As this project was only completed and commissioned in August 2022, the Group had only just begun to gather data on such energy savings for the last five months of FYE2022.

The electricity yield from our solar panels in the previous year was 212,000 kWh, of which 77,000 kWh was utilized at our plants and 135,000 kWh subsequently exported back to Tenaga National Berhad. Based on this preliminary data, the savings generated from solar energy for the first five months of utilization amounted to approximately RM50,000.

Our internal Energy Savings Committee, comprising 14 staff and competent personnel from various departments, also meet at least once quarterly to review and promote responsible energy use, strengthening our long-term commitment towards a greener sustainable planet.

(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 precious 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. Some of the on-going water saving initiatives that we have put in place include:

- Implementing improvements in production process parameters, particularly in the leaching process to target reduction in water usage by 20%, by year 2023; and
- Re-routing pipes and reusing water from certain operational processes into the production lines where viable and feasible.

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 FYE2022, 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 the current year, our Malaysian plants treated and released approximately 802,000 meter cubes of water back to the local river systems. Compared to water withdrawn from our national water source of 622,000 meter cubes, the ratio of 1.29 implied a higher volume of treated water released relative to that consumed and has improved from the year before. The Group has set a 7% improvement target for this ratio year-on-year to increase the volume of water treated by our effluent plants to be recycled and reused within our factory operations and will strive towards this goal for Year 2023 onwards.

	Year 2020 mil m^3	**Year 2021 mil m^3**	**Year 2022 mil m^3**
Volume of water treated	1.00	1.07	0.80
Volume of water withdrawn	0.29	0.84	0.62
Ratio (water treated : water withdrawn)	**3.45**	**1.27**	**1.29**
Volume of water withdrawn from a water-stressed region	Nil	Nil	Nil

The Group also primarily operates in Malaysia, hence according to the WRI (World Resources Institute), we are not located in a water stressed area (https://www.wri.org/applications/aqueduct.water-risk-atlas). 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.

Other improvements in the pipeline with regards to water security include the proposal to set up a rainwater harvesting system on-site that would be capable of capturing approximately 30,000 meter cubes of rain water a year, for recycling and use within its factory operations. The reduction of municipal water consumption is expected to create more self-sustaining plants, improve efficiency and result in cost savings for the Group.

(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 from 100% 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 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, contaminated industrial containers, such as the type SW409 are also collected for recycling by a specific licensed contractor for off-site scheduled waste recovery.

(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 was 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 had begun converting its 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 and Management, we acknowledge the following risks and opportunities that are present in our address of climate change issues:

- Risks
  - o Climate change related disclosures and regulations that would impact on our financial and regulatory reporting; and
  - o Reallocation of financing from financial institutions into other green-intensive investments that would affect our business funding.
- Opportunities
  - o Management of climate change risks and adoption of greener technology could result in less wastages and contribute to overall cost savings for the Group;
  - o Stakeholders' trust and perception could be improved through effective emissions management and disclosures; and
  - o 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 local environmental laws issued by the Department of Environment (DOE).

The types of scheduled wastes generated by our plants include sludge, clinical waste, waste acetone, contaminated containers and other solid wastes. In FYE2022, latex sludge and compounded latex lumps make up the highest proportion of scheduled waste generated.

Code	Scheduled waste Generated	Total Weight (in tonnes)	Disposal Method
SW102	Waste Battery	0.37	To reuse, if possible. To dispose to approved disposal facility, if not reusable.
SW109	Fluorescent Bulb	0.21	
SW305	Waste Oil	9.68	
SW321	Compounded Waste Latex Lump	293.48	
SW322	Waste Acetone	0.13	
SW409	Contaminated Containers	61.74	
SW321	Sludge	535.71	Approved disposal facility / waste manegement company either landfill or combustion.
SW404	Clinical Waste (RTK)	0.11	
SW410	Contaminated Rags	0.17	

The disposal and management of such wastes are 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.

(vi) EN6: Emissions Management

Emissions Management has been added in 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)		
		2020	2021	2022
Scope 1	Petrol & Diesel	201	201	168
	Natural Gas	3,138	26,013	9,309
	PKS & WC	29,941	27,840	17,330
	Sub Total	**33,281**	**54,053**	**26,807**
Scope 2	Purchased Electricity	18,382	23,495	12,200
	Sub Total	**18,382**	**23,495**	**12,200**
Total (Scope 1 & 2)		**51,663**	**77,548**	**39,007**
Scope 3	Purchased Goods and Services	55	125	93
	Waste Generated in Operations	334	641	469
	Business Travel	N/A	N/A	107
	Employee Commuting	N/A	N/A	278
	Investment	N/A	N/A	930
	Sub Total	**389**	**766**	**1,877**
Grand Total (Scope 1, 2 & 3)		**52,052**	**78,315**	**40,884**

Notes:
Scope 1 emissions refer to direct CO_2e emitted from sources that are owned by the Group, such as our machineries and company-owned vehicles
Scope 2 emissions refer to indirect CO_2e emitted from the consumption of purchased electricity
Scope 3 emissions refer to indirect CO_2e emitted from the value chain of our company, including both upstream and downstream emissions

In FYE2022, our Scope 1 and Scope 2 emissions saw an approximate 50% reduction in CO_2e discharges, from 23,495 metric tons (MT) of CO_2e in 2021 to 12,200 MT in FYE2022 due to lower natural gas and purchased electricity consumptions recorded. Nonetheless, our Scope 3 emission data ballooned in FYE2022 compared to the previous year as we included business travel, employee commuting, as well as investment data in the current year. At the present time, Hexcare will not be disclosing Upstream and Downstream transportation and distribution emissions due to challenges in obtaining data, but will continue our efforts to report this in the future.

Social Sustainability

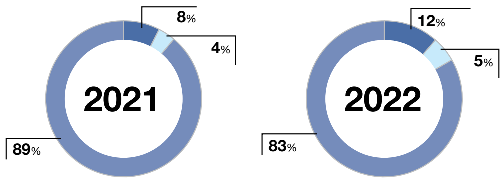
In order to ensure long term business continuity, we acknowledge that our employees are vital strategic assets of the Group; we support, protect and nurture our employees in terms of their career and personal development. The Group's social commitments and responsibilities also extend to the community 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 FYE2022, the remuneration of the Group's key management personnel, including the Managing and Executive Directors, have accounted for approximately 17.2% of total employee benefits expenses, an increase from 11.9% of the previous year. This increase was in effect coming from a lower base of RM36.5 million in terms of employee benefits expenses in FYE2022 compared to RM47.5 million incurred in FYE2021:

	As % of total employee benefits expenses	
	FYE2022	FYE2021
Remuneration paid to top 5 senior management	12%	8%
Remuneration paid to other key management personnel	5%	4%
Remuneration paid to other employees	83%	89%



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 2022, the average length of service by the Group's key management personnel was 20.8 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 30 employees were rewarded and presented with certificates of appreciation for their continuous services to the Group:

No. of employees presented with 10-year service awards	8
No. of employees presented with 20-year service awards	15
No. of employees presented with 30-year service awards	7

(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 Health, Safety and Environment (HSE) 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 oversee all aspects of workplace safety at our plants including conducting regular spot checks, audits and risks assessments, accident investigations, promote safe practices and communicate findings to Management and relevant authorities so that our factories may operate in the safest, most effective modes. Hexcare has also been audited and certified yearly to be in compliance to the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems.

In the midst of the pandemic during the last two years, additional precautions were taken to ensure the safety and well-being of our workers, among which were the implementation of strict social distancing rules, provision of face masks, regular sanitization of work spaces and frequent disinfection of workers' transportation vehicles and dormitories. Though no longer a mandatory requirement to be masked up indoors, the Management of Hexcare encourages this practice in the workplace and continues to provide unlimited free face masks to workers and staff who need them.

In the last two financial 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:

		Frequency	No. of employees
Audiometric Test	In compliance with Occupational Safety & Health (Noise Exposure) Regulations 2019	At least once yearly	464
Chemical Exposure Monitoring	Test for exposure to hazardous materials	At least once yearly	13
Medical Surveillance	In compliance with Occupational Safety & Health Act 1994	As required	46

A total of six industrial accidents were reported at our Malaysia plants in 2022 of which four were classified as "major", required more than five days' medical leave, and two "minor" cases. More crucially, no fatalities were involved. All industrial accidents 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 sixteen 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 accidents	
	Year 2022	Year 2021
Major (requiring more than 5 days' medical leave)	4	5
Minor	2	7
Fatalities	Nil	Nil

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 HSE Committee members who also double as Emergency Response Teams. They consist of 44 competent employees from various departments and work shifts, who have been trained in basic fire-fighting, medical care and first aid. In FYE2022, eight fire drills were carried out, and the average response time from these exercises, from the trigger of alarm to full assembly was 4.9 minutes, which was well below that recommended by the local fire department of 7.0 minutes.

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 other social activities throughout the year. Though most of these activities had been deferred since the onset of the pandemic, they are now gradually being resumed, within safe limits and restrictions naturally, in order to curb the spread of viruses. The Management also considered the welfare and comfort of its workers at the factory floor and production lines as well when it improved the ventilation systems and installed several spot coolers at the glove stacking areas for the comfort of its workers while at their work stations.

The Group's workforce is presently fully 100% double-vaccinated and 92% 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 24 hours a day.

(iii) SC3: Workplace Diversity and Equal Opportunities

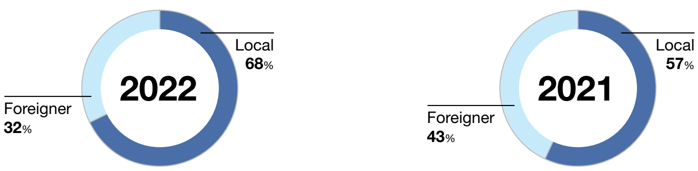
A diverse workplace is an essential corporate asset as it acknowledges a greater range of talent, perspectives and strengths of its workforce; this promotes greater productivity, fosters teamwork, improves collaboration and ultimately supports a company's innovation, growth and sustainability.

The people pool at Hexcare has always been culturally diverse with a harmonious blend of nationalities, talents and age groups. As of 31 December 2022, the Group had a total headcount of 814, inclusive of eight local Spanish staff based at our subsidiary company in Spain and human capital of 163 from the merger of Reszon's workforce. Of this total of 814, 5% or 39 were temporary staff; the rest were full-time permanent staff of the Group. Hexcare also repatriated 205 foreign workers who had completed their employment contract with the Group back to their home countries when international borders and flights resumed in gradual phases during the year. The voluntary turnover rate during the year was approximately 13%. Contractors and/or temporary staff includes those on short-term work agreement contracts with the Group and whose services were terminated upon completion; they accounted for approximately 76% of the total recruited and terminated in FYE022. Employee movements during the year were as follows:

As of 01/01/2022	As of 01/01/2022 (from Spain and Reszon)	Recruited	Resigned/ Repatriated	As of 31/12/2022
1,002	393	1,242	1,823	814

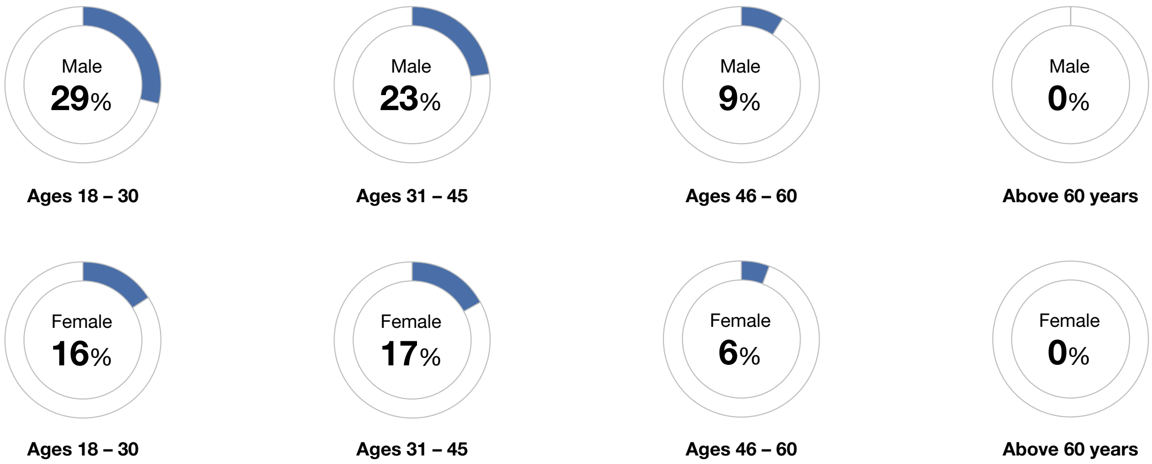
At present, the proportion of local workers to foreigners was higher, at 555 out of total 814 workers or at 68%. The categorization of the Group's foreign workforce as at the end of FYE2022 consists of workers from Myanmar (67%) and Nepal (30%) brought in to fulfil critical manual tasks at certain sections of the factory floor that require greater continuity and stability in terms of workers' attendance and turnover. Staff in Spain accounted for 3% 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.

Number of employees				
Nationality \ Year	2022		2021	
	Count	%	Count	%
Local	555	68%	573	57%
Foreigner	259	32%	429	43%
Total	814	100%	1002	100%



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				
Gender / Age Group	Male		Female	
	Count	%	Count	%
18 – 30 years	237	29%	127	16%
31 – 45 years	187	23%	136	17%
46 – 60 years	75	9%	51	6%
Above 60 years	1	0%	0	0%
Total	500	61%	314	39%



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 others in the community. The Group presently has in its employment two such persons, 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.

(iv) SC4: Training and Development

Hexcare 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. 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.

In FYE 2022, the Group invested approximately RM148,000 in various training programs for the professional development and skills upgrade of its employees, achieving a total of 6,747 training hours or an average of 8.2 hours per employee during the year. 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 during the year were as follows:

Safety Training	Forklift Training
	Chlorine Training
	Basic Scaffolding Course
	Working at Height Training
	Train the Trainer in Forklift
	Forklift Safety & Certification Training
	Kursus Organisasi Keselamatan Kebakaran
	Chemical Handling and Spill Control Training
	Ceramah, Demo , Kawad dan Pengungsian Bangunan
	Basic Occupational First Aid, CPR & AED Training
	Authorized Gas Tester & Entry Supervisor for Confined Space

Profesional Training	IETS Training
	Workshop on Climate Change
	In-house Halal Awareness Training
	Termination Without Violating the Law
	Essential Supervisory and Planning Skills
	Schedule Waste Management For Industry
	Certificate in Human Resource Management
	Managing Sexual Harrasment at Workplace 2D
	Penyelia Sebagai Pengurus Production dan Kualiti
	Electrical Energy Audit for Energy Efficient Practise
	Employment Law & industrial Relations Masterclass
	Customs - Trade Partnership Against Terrorism (C - TPT) Awareness
	FMM Webinar on Mastering Professional Incoterms 2022 (ICC) in Import Export Management
	FMM Webinar on Occupational Safety and Healty (Amendment) Act: What Employers Should Know
	Webinar SOCSO's Latest Updates on Employer Responsibilities Protection Schemes and Hiring Incentives
	Understanding the ISO 14001:2015 Environmental Management Systems - Requirements & Implementation

(v) SC5: Giving Back to Society

In the previous year, the Group, in a joint ESG collaboration with Hextar Global Berhad and Pekat Group Berhad, made a significant donation to Tung Shin Hospital for the installation of a comprehensive photovoltaic (PV) solar power system in an effort to promote the use of renewable energy while reducing carbon emission. Under this initiative, the parties donated, designed, supplied and installed a 154.4 kilo-watt peak (kWp) self-consumption grid connected PV system for Tung Shin Hospital that is expected to generate up to 199,000 kWh units of electricity annually while reducing carbon dioxide emission by 138.2 metric tons per year.

In addition, as responsible community members and business operators, Hexcare also carries out its corporate social responsibilities (CSR) in good faith, contributing monetary support and assistance to various charities and organizations in FYE2022. A total of RM26,000 in donations and contributions in kind were made in FYE2022, and some of the beneficiaries were as follows:-

- Yayasan Orang Buta Malaysia;
- Kelab Alam Sekitar Negeri Perak;
- Persatuan Kebajikan Veteran Kawalan;
- Pertubuhan Kebajikan Mental Selangor;
- Koperasi Warisan Polis Kuala Lumpur Berhad;
- Yayasan Ipoh Bagi Orang Kurang Upaya Perak;
- Persatuan Penghuni Rumah Kediaman Polis Diraja Malaysia;
- Badan Kebajikan Anggota Perkhidmatan Hasil Negara Malaysia;
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia (PMPPMM);
- Berita Kesatuan Pekerja Bomba & Penyelamat Semenanjung Malaysia; and
- Majlis Kebangsaan Kesatuan Pekerja-Pekerja Kerajaan Malaysia (MKTR).

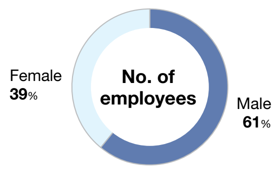
When disposable gloves were highly sought after by front-liners and medical professionals battling COVID-19, the Group had freely contributed its own-manufactured gloves to Polis Di-Raja Malaysia, Hospital Sungai Buloh, Hospital Raja Permaisuri Bainun Ipoh, Hospital Taiping and Buddhist Tzu Chi Merits Society Malaysia (Perak) for their use as a physical protection against COVID-19. Hexcare 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% female participation in our workforce by year 2025 in order to meet gender equality goals. As of 31 December 2022, the Group had a 39% female representation in its workforce, which at present is adequate and unprejudiced, as reflected below:

	No. of employees	
Male	500	61%
Female	314	39%
	814	**100%**



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. The Group is also committed to complying to current laws on minimum wage and upholding the provisions of Employment Act (Amendment) 2022 with regards to paid working hours for employees; there are no forced or contractual overtime hours in the Group's workforce. 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 32% 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 FYE2022, 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 sustain humankind ad infinitum.

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 risk management and internal control of the listed issuer as a group".

The Board of Directors (the "Board") of Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) 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 2022.

Board Responsibility

The Board 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 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, 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 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;

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

- **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 for consideration. Actual operating results are compared to the forecasted results regularly with variances reviewed and management action taken, where necessary. The Board is also informed of such variances on a quarterly basis;

- **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, with three independent directors forming the majority 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 dated 26 April 2023.

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 requirements 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 2022 set out on pages 88 to 158 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 26 April 2023.

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STATEMENT OF
SHAREHOLDINGS
as at 31 March 2023

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 31 MARCH 2023

Size of Shareholdings as at 31 March 2023	No. of Holders	% of Holders	No. of Shares (#)	% of Shares (#)
Less than 100	207	0.78	3,569	0.00
100 – 1,000	3,850	14.56	2,702,759	0.27
1,001 – 10,000	14,617	55.30	72,796,931	7.27
10,001 – 100,000	7,120	26.94	212,393,481	21.20
100,001 to less than 5% of issued shares	637	2.41	413,608,558	41.28
5% and above of issued shares	2	0.01	300,414,483	29.98
Total	26,433	100.00	1,001,919,781	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES AS AT 31 MARCH 2023

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	Revongen Corporation Sdn Bhd	44,155,972	4.41
5	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd	44,000,000	4.39
6	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hextar Rubber Sdn Bhd (M3918B)	41,000,000	4.09
7	Diamond Silk International Sdn Bhd	9,589,457	0.96
8	Tew Seng Kiea	8,800,000	0.88
9	Tan Chen Keong	6,000,000	0.60
10	Zainudin Bin Karjan	5,000,000	0.50
11	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sue Chook Keong	3,755,000	0.37
12	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Boey Tze Nin (PB)	3,752,000	0.37
13	Kon Choi Ying	3,338,914	0.33
14	Mok Yau Choy	3,200,000	0.32
15	Sabri Bin Abd Hamid	3,200,000	0.32
16	Chai Koon Khow	2,415,500	0.24
17	Cheng Yoke Phui	2,330,000	0.23
18	Goh Kong Wang	2,300,000	0.23
19	HSBC Nominees (Asing) Sdn Bhd - TNTC for Metis Equity Trust	2,299,100	0.23

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES AS AT 31 MARCH 2023 (CONT'D)

No.	Names	Shares	% (#)
20	Ong Suan Kim	2,216,092	0.22
21	Mok Zhi Xuan	2,000,000	0.20
22	Samsuddin Bin Yasir	2,000,000	0.20
23	Mohamed Bin Hamzah	1,665,920	0.17
24	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Soo Yoke Mun (7003846)	1,600,000	0.16
25	Low Chu Mooi	1,600,000	0.16
26	Goh Mooi Huan	1,569,098	0.16
27	Raj Preet Kaur A/P Gurnam Singh	1,550,000	0.15
28	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ping Kok Koh (041005)	1,464,112	0.15
29	Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Liu, Jen-Cheng (E-TMM/BDR)	1,431,700	0.14
30	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Sim Yee (7001321)	1,400,000	0.14
		554,047,349	55.29

SUBSTANTIAL SHAREHOLDERS FOR ORDINARY SHARES AS AT 31 MARCH 2023
(based on the Register of Substantial Shareholders)

	No. of shares held			
	Direct	% (#)	Indirect	% (#)
Hextar Rubber Sdn Bhd	302,946,566	30.24	–	–
Revongen Corporation Sdn Bhd	176,623,890	17.63	–	–

DIRECTORS' INTERESTS FOR ORDINARY SHARES AS AT 31 MARCH 2023
(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)
Dato' Chan Choun Sien	–	–	–	–
Doris Cheng Chin Ching	–	–	–	–
Lim Siew Eng	–	–	–	–
Goh Hsu-Ming	–	–	–	–
Lim Chee Lip	–	–	–	–

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 31 March 2023.*

DIRECTORS' REPORT

The directors of **HEXTAR HEALTHCARE BERHAD** (Formerly Known As Rubberex Corporation (M) Berhad) hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2022.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The information on the name, country of incorporation, principal activities, and effective equity interest 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	(55,685,427)	(2,351,659)

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 value as disclosed in the Notes 14 and 20 to the financial statements respectively.

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

During the 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 Reszon Diagnostics International Sdn. Bhd. 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, as disclosed in Note 26(a) to the financial statements.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any 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.

During the 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 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 has 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.

OTHER STATUTORY INFORMATION (Cont'd)

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.

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. Lim Chee Lip
Dato' Chan Choun Sien
Mr. Goh Hsu-Ming
Ms. Doris Cheng Chin Ching (appointed on January 1, 2023)
Ms. Lim Siew Eng (appointed on January 1, 2023)
Dato' Mohamed bin Hamzah (resigned on December 31, 2022)
Dato' Ong Choo Meng (resigned on December 31, 2022)

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:

	Number of ordinary shares			
	Balance as of 1.1.2022	Bought	Sold	Balance as of 31.12.2022
Shares in the Company				
Registered in the name of directors				
Mr. Khoo Chin Leng	32,070	–	–	32,070
Indirect interests				
Mr. Khoo Chin Leng	22,812	–	–	22,812

None of the other directors in office as of the end of the financial year held shares or had beneficial interests in the shares of the Company or of its subsidiaries during or as of 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	232,770	232,770
Salaries, allowances and bonuses	3,327,650	25,000
Contributions to the Employees' Provident Fund	298,967	–
	3,859,387	257,770
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 as of 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 RM15,466.

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, 2022 are as follows:

	The Group RM	The Company RM
Fees paid/payable:		
Statutory audit	298,181	79,500
Non-audit services:		
Current year	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 26. 2023

INDEPENDENT AUDITORS' REPORT

to the members of Hextar Healthcare Berhad
(formerly known as Rubberex Corporation (M) Berhad) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HEXTAR HEALTHCARE BERHAD** (Formerly Known As Rubberex Corporation (M) Berhad), which comprise the statements of financial position of the Group and of the Company as of December 31, 2022, 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 a summary of significant accounting policies, as set out on pages 79 to 158.

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, 2022, 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 Matter	How the matter was addressed in the audit
Valuation of purchase consideration for acquisition of a new subsidiary On May 31, 2022, the Company entered into 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 consideration up to RM180.0 million as disclosed in Note 17 to the financial statements. The purchase consideration is satisfied via a combination of cash (30%) and new ordinary shares of the Company (70%) and is subjected to an annual profit guarantee of RM50 million for each of the financial years ended/ending December 31, 2022 and 2023 respectively. In the event that RDISB's cumulative profit after tax for financial year ended December 31, 2022 and for the financial year ending December 31, 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 has recognised cost of investment of RM40,804,974 as disclosed in Note 17 to the financial statements and a contingent consideration liability pertaining to profit guarantee for financial year ending December 31, 2023 of RM6,426,396 as disclosed in Note 31 to the financial statements. The determination of forecasted profit for financial year ending December 31, 2023 requires significant management judgements and estimates, in particular in relation to the revenue forecast.	Our audit procedures, amongst others, included the following: • Obtained management's computation of the fair value of purchase consideration calculation as at date of acquisition and agreed the potential consideration value to signed conditional share sale agreement. • Challenged the key assumptions used in the forecast of profit of RDISB for financial year ending December 31, 2023 by reference to the recent performance of the business. • Evaluated management's assessment of the sensitivity to fluctuations in the future profits, in particular in relation to the revenue forecast of RDISB and considered the adequacy of the disclosures about the potential range of overall future payments, and other estimates and judgements made by management in this regard.

Key Audit Matters (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment One of the subsidiary, Rubberex Alliance Sdn. Bhd. ("RASB") recorded operating losses for the current financial year due to exceptionally low production utilisation rate as a result of lowered market demand and decreased average selling prices for nitrile disposable gloves. Based on management's assessment, there are indications of impairment in relation to plant and machinery, including certain factory and auxiliary equipment and capital work-in-progress of RASB with carrying amount of RM128.2 million as of December 31, 2022. Impairment losses of RM20 million was recognised in the financial statements of the Group for the financial year ended December 31 ,2022 as shown in Note 14 to the financial statements. The assessment of the recoverable amounts of plant and machinery, including certain factory and auxiliary equipment and capital work-in-progress, which is established based on value-in-use model, required significant management's judgements and estimates, as described in Notes 4(b)(i) and 14 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, for plant and machinery, including certain factory and auxiliary equipment and capital work-in-progress as a single cash-generating unit. • 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.

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.

- 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.

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

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.

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 - 02939/01/2024 J
Chartered Accountant

Ipoh,
April 26, 2023

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Revenue	5	174,966,437	509,953,805	–	–
Investment revenue	7	4,074,289	4,719,042	252,041	2,891,230
Other gains and losses	8	419,695	7,752,510	–	(91,138)
Other operating income	10	1,677,642	379,224	–	–
Changes in inventories of work-in-progress, finished and trading goods		(41,288,146)	69,483,485	–	–
Purchase of finished and trading goods		(3,329,398)	(20,689,216)	–	–
Raw materials and consumables used		(78,556,924)	(208,884,440)	–	–
Depreciation of property, plant and equipment	14	(14,429,877)	(12,510,058)	–	–
Depreciation of right-of-use assets	16	(432,561)	(824,501)	–	–
Impairment losses on property, plant and equipment	14	(20,000,000)	–	–	–
Amortisation of prepaid lease payments	15	(334,320)	52,363	–	–
Directors' remuneration	9	(3,859,387)	(3,834,802)	(257,770)	(503,807)
Employee benefit expenses	9	(32,630,839)	(44,195,259)	–	–
Finance costs	11	(604,414)	(517,440)	–	–
Other operating expenses	10	(48,851,178)	(64,102,157)	(2,358,127)	(2,317,342)
(Loss)/Profit before tax		(63,178,981)	236,782,556	(2,363,856)	(21,057)
Tax income/(expenses)	12	7,493,554	(51,042,148)	12,197	(516,684)
(Loss)/Profit for the year		(55,685,427)	185,740,408	(2,351,659)	(537,741)

Statements of Profit or Loss and Other Comprehensive Income
for the year ended December 31, 2022

(cont'd)

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(55,685,427)	185,740,408	(2,351,659)	(537,741)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(436,326)	(1,793,904)	–	–
Cumulative exchange gain reclassified from equity to profit or loss on disposal of foreign operations	36	–	(5,949,581)	–	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(436,326)	(7,743,485)	–	–
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(56,121,753)	177,996,923	(2,351,659)	(537,741)
(Loss)/Earnings per share					
Basic and diluted (sen per share)	13	(6.22)	21.81		

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

STATEMENTS OF
FINANCIAL POSITION
as of December 31, 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	208,213,864	208,066,241	–	–
Prepaid lease payments	15	16,307,933	16,642,253	–	–
Right-of-use assets	16	4,104,920	1,785,079	–	–
Investments in subsidiaries	17	–	–	64,765,843	23,959,868
Investment in an associate	18	180,000,000	–	–	–
Other investments	19	644,604	–	–	–
Deferred tax assets	12	5,356,145	–	–	–
Total non-current assets		414,627,466	226,493,573	64,765,843	23,959,868
Current assets					
Inventories	20	82,131,986	111,342,888	–	–
Trade and other receivables	21	86,645,887	24,384,448	62,635,736	–
Amount owing by subsidiaries	22	–	–	195,588,916	239,336,997
Current tax assets	12	11,451,167	3,058,611	450,273	110,629
Other assets	23	4,486,489	1,333,352	1,000	1,000
Other financial assets	24	2,891	89,030	–	–
Deposits, cash and bank balances	25	92,796,326	298,386,450	10,801,474	5,862,458
Total current assets		277,514,746	438,594,779	269,477,399	245,311,084
Total assets		692,142,212	665,088,352	334,243,242	269,270,952
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	26(a)	341,307,848	257,793,534	341,307,848	257,793,534
Treasury shares	26(b)	(48,190,897)	(24,202,634)	(48,190,897)	(24,202,634)
Reserves	27	311,425,161	367,546,914	12,201,071	14,552,730
Total equity		604,542,112	601,137,814	305,318,022	248,143,630
Deferred and non-current liabilities					
Borrowings	28	510,888	–	–	–
Hire-purchase payables	29	1,127,103	–	–	–
Lease liabilities	30	1,648,849	1,023,930	–	–
Deferred tax liabilities	12	11,547,486	17,220,813	–	–
Total deferred and non-current liabilities		14,834,326	18,244,743	–	–

Statements of Financial Position
as of December 31, 2022

(cont'd)

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Current liabilities					
Trade and other payables	31	59,990,288	29,594,846	6,426,396	–
Amount owing to a subsidiary	22	–	–	22,021,033	20,786,033
Amount owing to a director	32	50,060	–	–	–
Borrowings	28	355,914	23,077	–	–
Hire-purchase payables	29	659,230	–	–	–
Lease liabilities	30	2,481,914	818,016	–	–
Current tax liabilities	12	2,813,158	102,119	–	–
Other liabilities	33	6,414,826	15,167,737	477,791	341,289
Other financial liabilities - derivatives	24	384	–	–	–
Total current liabilities		72,765,774	45,705,795	28,925,220	21,127,322
Total liabilities		87,600,100	63,950,538	28,925,220	21,127,322
Total equity and liabilities		692,142,212	665,088,352	334,243,242	269,270,952

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

STATEMENT OF
CHANGES IN EQUITY
for the year ended December 31, 2022

The Group	Note	Share Capital RM	Treasury Shares RM	Non-distributable Reserve Translation Reserve RM	Distributable Reserve Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company				
Balance as of January 1, 2021		191,211,534	(1,612,432)	8,318,427	179,750,935	377,668,464
Profit for the year		–	–	–	185,740,408	185,740,408
Other comprehensive loss for the year		–	–	(7,743,485)	–	(7,743,485)
Total comprehensive income/(loss) for the year		–	–	(7,743,485)	185,740,408	177,996,923
Issuance of new ordinary shares	26(a)	66,582,000	–	–	–	66,582,000
Repurchase of ordinary shares	26(b)	–	(32,686,103)	–	–	(32,686,103)
Sale of treasury shares	26(b)	–	10,095,901	–	1,480,629	11,576,530
Balance as of December 31, 2021/ 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		341,307,848	(48,190,897)	138,616	311,286,545	604,542,112

Statement of Changes in Equity
for the year ended December 31, 2022

(cont'd)

		Attributable to Owners of the Company			
				Distributable Reserve	
The Company	**Note**	**Share Capital RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Total Equity RM**
Balance as of January 1, 2021		191,211,534	(1,612,432)	13,609,842	203,208,944
Loss and total comprehensive loss for the year		–	–	(537,741)	(537,741)
Issuance of new ordinary shares	26(a)	66,582,000	–	–	66,582,000
Repurchase of ordinary shares	26(b)	–	(32,686,103)	–	(32,686,103)
Sale of treasury shares	26(b)	–	10,095,901	1,480,629	11,576,530
Balance as of December 31,2021/ 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		341,307,848	(48,190,897)	12,201,071	305,318,022

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

STATEMENT OF CASH FLOWS

for the year ended December 31, 2022

The Group	Note	2022 RM	2021 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
(Loss)/Profit for the year		(55,685,427)	185,740,408
Adjustments for:			
Inventories written down to net realisable values		32,780,583	–
Impairment losses on property, plant and equipment		20,000,000	–
Depreciation of property, plant and equipment		14,429,877	12,510,058
Inventories written off		1,439,359	–
Depreciation of right-of-use assets		432,561	824,501
Amortisation of prepaid lease payments		334,320	(52,363)
Bad debts written off		69,181	–
Loss on disposal of property, plant and equipment		29,979	–
Fair value loss on financial asset designated as at FVTPL		20,751	–
Loss allowances on receivables		17,584	–
Finance costs		604,414	517,440
Tax (income)/expenses recognised in profit or loss		(7,493,554)	51,042,148
Investment revenue recognised in profit or loss		(4,074,289)	(4,719,042)
Final distribution from a subsidiary upon completion of liquidation		(1,342,232)	–
Unrealised (gains)/losses on foreign exchange		(835,663)	585,009
Gain from a bargain purchase		(582,305)	–
Interest income recognised in profit or loss		(7,645)	(10,178)
Fair value gains on financial derivatives		(2,507)	(89,030)
Property, plant and equipment written off		–	420,723
Gain on disposal of a subsidiary		–	(5,949,581)
		134,987	240,820,093
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		15,962,458	(56,726,672)
Trade and other receivables		7,778,132	31,224,755
Other assets		304,942	435,818
Other financial assets		89,030	110,606
(Decrease)/Increase in:			
Trade and other payables		(19,050,227)	(28,871,665)
Amount owing to a director		22,115	–
Other liabilities		(9,983,066)	(2,996,226)
Cash (Used In)/Generated From Operations		(4,741,629)	183,996,709
Income tax refunded		–	539,101
Interest received		7,645	10,178
Income tax paid		(15,572,393)	(50,235,389)
Net Cash (Used In)/From Operating Activities		(20,306,377)	134,310,599

Statement of Cash Flows
for the year ended December 31, 2022

(cont'd)

The Group	Note	2022 RM	2021 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Investment revenue received		3,906,502	4,719,042
Final distribution received from a subsidiary upon completion of liquidation		1,342,232	–
Proceeds from disposal of property, plant and equipment		147,362	–
Acquisition of an associate		(142,857,260)	–
Purchase of property, plant and equipment	35(a)(i)	(13,855,725)	(35,217,125)
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)	–
Withdrawal of fixed deposits		–	60,000,000
Payments for prepaid lease interest	35(a)(ii)	–	(10,761,115)
Net Cash (Used In)/From Investing Activities		(159,998,910)	18,740,802
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Repurchase of ordinary shares	26(b)	(23,988,263)	(32,686,103)
Repayment of lease liabilities	35(b)	(1,014,214)	(850,883)
Finance costs paid		(604,414)	(516,334)
Repayment of hire-purchase payables	35(b)	(112,919)	–
Repayment of term loans	35(b)	(69,941)	(3,500,000)
Proceeds from issuance of new shares	26(a)	–	66,582,000
Proceeds from sale of treasury shares	26(b)	–	11,576,530
Repayment of bank overdrafts	35(b)	–	(232,259)
Net Cash (Used In)/From Financing Activities		(25,789,751)	40,372,951
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(206,095,038)	193,424,352
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		298,363,373	105,070,754
Effect of exchange rate changes on the balance of cash held in foreign currencies		59,736	(131,733)
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	35(c)	92,328,071	298,363,373

Statement of Cash Flows
for the year ended December 31, 2022

(cont'd)

The Company	Note	2022 RM	2021 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Loss for the year		(2,351,659)	(537,741)
Adjustments for:			
Interest income recognised in profit or loss		(252,041)	(2,891,230)
Tax (income)/expenses recognised in profit or loss		(12,197)	516,684
Investment in subsidiary written off		–	91,138
		(2,615,897)	(2,821,149)
Movements in working capital:			
Decrease in other receivables		–	290,409
Increase/(Decrease) in other liabilities - accrued expenses		136,502	(43,960)
Cash Used In Operations		(2,479,395)	(2,574,700)
Income tax paid		(327,447)	(439,251)
Net Cash Used In Operating Activities		(2,806,842)	(3,013,951)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from/(Advances granted to) subsidiaries - Net		43,748,081	(184,103,000)
Interest received		252,041	2,891,230
Acquisition of shares in subsidiaries	17	(13,501,001)	(1)
Withdrawal of fixed deposits		–	60,000,000
Net Cash From/(Used In) Investing Activities		30,499,121	(121,211,771)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Advances from a subsidiary - Net	35(b)	1,235,000	12,779,800
Repurchase of ordinary shares	26(b)	(23,988,263)	(32,686,103)
Proceeds from issuance of new shares	26(a)	–	66,582,000
Proceeds from sale of treasury shares	26(b)	–	11,576,530
Net Cash (Used In)/From Financing Activities		(22,753,263)	58,252,227
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,939,016	(65,973,495)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		5,862,458	71,835,953
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	35(c)	10,801,474	5,862,458

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

NOTES TO THE FINANCIAL STATEMENTS

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, principal activities, and effective equity interest 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 26, 2023.

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 amendments to MFRSs

In the current year, the Group and the Company adopted all of the 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, 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(b) Standards in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and 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 new and 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:

MFRS 17	Insurance Contracts[1]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to MFRS 17	Insurance Contracts[1]
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative information[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[2]
Amendments to MFRS 101	Disclosure of Accounting Policies[1]
Amendments to MFRS 101	Non-current Liabilities with Covenants[2]
Amendments to MFRS 108	Definition of Accounting Estimates[1]

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

(b) Standards in issue but not yet effective (Cont'd)

Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to MFRS 10 and 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, 2023, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.
[3] Effective date deferred to a date to be announced by MASB.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

The principal accounting policies 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstance that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interest in existing subsidiaries (Cont'd)

When the Group loses control of a subsidiary, a gain or a loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary as of the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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 value, 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

3. SIGNIFICANT ACCOUNTING POLICIES (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.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Investment in an Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary company 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, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations. 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 individual investments. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in an Associate (Cont'd)

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.

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 glove selling prices as the consideration is received or receivable on a cash basis or within short credit terms of 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 engages 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises any related restructuring costs. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

Deferred tax

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax (Cont'd)

Deferred tax assets and 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 liabilities and deferred tax assets 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 payment 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group as a lessee (Cont'd)

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 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.

Impairment of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets (Cont'd)

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.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group and the Company have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

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

(b) 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 assets 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

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

(b) Measurement and recognition of ECL (Cont'd)

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. SIGNIFICANT ACCOUNTING POLICIES (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 the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

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

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as FVTPL.

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value as of the date the derivative contract is entered into and are subsequently remeasured to their fair value as of the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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.

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, bank overdrafts 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)

(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.

5. REVENUE

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

	The Group		The Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Sale of manufactured products	149,914,862	482,386,633	–	–
Sale of trading products	25,051,575	27,567,172	–	–
	174,966,437	509,953,805	–	–

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.

Business segment

The Group's business comprises manufacturing and sale of gloves. During the financial year, the Group acquired a subsidiary whose principal activities are manufacturing and sale of IVD medical devices. In addition, another subsidiary commenced business operations in investment holding. Arising therefrom, the Group's reportable segments for the current year have changed from geographical segments by location of assets to business segment segregating into the following operating activities:

- Gloves operation
- Medical devices operation
- Investment holding

Geographical segment

The Group's operations are located in Malaysia and Europe. In prior year, information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance focused on the geographical segments by location of assets since the Group's business comprises gloves operation only.

Unallocated corporate assets and liabilities include items that cannot be reasonably allocated to an individual segment in the prior year.

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	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

6. SEGMENT REPORTING (CONT'D)

The Group 2021	Malaysia RM	Europe RM	Eliminations RM	Total RM
Revenue	531,057,148	111,913,609	(133,016,952)	509,953,805
Results				
Segment results	212,835,840	6,569,162	13,175,952	232,580,954
Investment revenue				4,719,042
Finance costs				(517,440)
Profit before tax				236,782,556
Tax expenses				(51,042,148)
Profit for the year				185,740,408
Assets				
Segment assets	603,844,711	58,185,030	–	662,029,741
Unallocated corporate assets				3,058,611
Consolidated total assets				665,088,352
Liabilities				
Segment liabilities	38,727,127	7,877,402	–	46,604,529
Unallocated corporate liabilities				17,346,009
Consolidated total liabilities				63,950,538
Other Information				
Capital expenditure	38,094,724	13,103	–	38,107,827
Payments for prepaid lease interest	11,900,128	–	–	11,900,128
Depreciation and amortisation charges	12,424,080	858,116	–	13,282,196
Property, plant and equipment written off	420,723	–	–	420,723

For the purposes of monitoring segment performance and allocation of resources between segments in 2021, all assets and liabilities are allocated to reportable segments other than current and deferred tax assets/liabilities that 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	
	2022 RM	2021 RM
Europe	113,080,112	180,689,817
Asia	1,424,846	185,249,981
North and South America	39,116,513	107,334,782
Rest of the world	21,344,966	36,679,225
	174,966,437	509,953,805

Revenue of Nil (2021: RM61,381,380) is derived from a single external customer which contributed 10 percent or more to the Group's revenue. This revenue was attributable to the Europe segment.

7. INVESTMENT REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from:				
Fixed and short-term deposits	4,005,232	4,719,042	252,041	2,891,230
Money market fund	11,714	–	–	–
Others	57,343	–	–	–
	4,074,289	4,719,042	252,041	2,891,230

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets measured at:				
Amortised cost	4,062,575	4,719,042	252,041	2,891,230
FVTPL	11,714	–	–	–
	4,074,289	4,719,042	252,041	2,891,230

8. OTHER GAINS AND LOSSES

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Gain on disposal of a subsidiary (Note 17)	–	5,949,581	–	–
Realised (losses)/gains on foreign exchange	(950,050)	2,298,908	–	–
Fair value gains on financial derivatives designated as at FVTPL	2,507	89,030	–	–
Unrealised gains/(losses) on foreign exchange	835,663	(585,009)	–	–
Investment in subsidiary written off (Note 17)	–	–	–	(91,138)
Loss on disposal of property, plant and equipment	(29,979)	–	–	–
Fair value loss on financial asset designated as at FVTPL	(20,751)	–	–	–
Gain on bargain purchase (Note 17)	582,305	–	–	–
	419,695	7,752,510	–	(91,138)

9. DIRECTORS' REMUNERATION AND EMPLOYEE BENEFIT EXPENSES

Included in employee benefit expenses are the following:

	The Group 2022 RM	The Group 2021 RM
Statutory contributions	2,647,968	2,597,616
Expense relating to short-term leases	365,770	322,427
Termination benefits	–	168,742

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

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	2,264,390	1,737,944	–	–
Statutory contributions	174,247	114,381	–	–
	2,438,637	1,852,325	–	–
Executive directors of the subsidiaries:				
Salaries and bonuses	1,038,260	1,331,380	–	–
Statutory contributions	124,720	147,290	–	–
	1,162,980	1,478,670	–	–
Non-executive directors:				
Fees	232,770	460,807	232,770	460,807
Allowances	25,000	43,000	25,000	43,000
	257,770	503,807	257,770	503,807
	3,859,387	3,834,802	257,770	503,807

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 (2021: RM75,900).

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	
	2022 RM	2021 RM
Short-term employee benefits	2,177,227	1,687,911
Statutory contributions	250,070	181,330
	2,427,297	1,869,241

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 (2021: RM22,200).

10. OTHER OPERATING INCOME/(EXPENSES)

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Final distribution from a subsidiary upon completion of liquidation	1,342,232	–	–	–
Interest income	7,645	10,178	–	–
Property, plant and equipment written off	–	(420,723)	–	–
Auditors' remuneration:				
Deloitte PLT and its affiliates:				
Statutory audit	(252,500)	(247,000)	(79,500)	(79,500)
Non-audit services:				
Current year	(3,000)	(3,000)	(3,000)	(3,000)
Prior year	–	(4,000)	–	(4,000)
Other auditors:				
Statutory audit	(45,681)	(47,690)	–	–
Expense relating to short-term leases (Note 16)	(906,930)	(178,276)	–	–
Bad debts written off	(69,181)	–	–	–
Loss allowances on receivables (Note 21)	(17,584)	–	–	–

11. FINANCE COSTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interests on:				
Term loans	16,824	90,633	–	–
Bank overdrafts	12,573	10,821	–	–
Lease liabilities (Notes 16 & 30)	152,639	1,106	–	–
Hire-purchase payables	13,739	–	–	–
Bank charges and commitment fees	408,639	414,880	–	–
Total interest expense for financial liabilities that are not designated as at FVTPL	604,414	517,440	–	–

12. TAX (INCOME)/EXPENSES

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Tax (income)/expenses comprise:				
Current income tax expense:				
Malaysian	2,210,167	38,173,000	–	523,000
Foreign	–	1,462,487	–	–
Adjustment recognised in the current year in relation to the income tax of prior year	1,768,207	270,059	(12,197)	(6,316)
	3,978,374	39,905,546	(12,197)	516,684
Deferred tax relating to origination and reversal of temporary differences:				
Current year:				
Malaysian	(11,786,928)	8,060,456	–	–
Foreign	–	146	–	–
Adjustment recognised in the current year in relation to the deferred tax of prior year	315,000	3,076,000	–	–
	(11,471,928)	11,136,602	–	–
Total tax (income)/expenses	(7,493,554)	51,042,148	(12,197)	516,684

The Group has availed itself to the special reinvestment allowance made available under the National Economic Recovery Plan ("PENJANA"). This is in respect of capital expenditure for qualifying projects from the years assessment 2020 to 2022.

12. TAX (INCOME)/EXPENSES (CONT'D)

The tax (income)/expenses for the year can be reconciled to the accounting (loss)/profit as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(63,178,981)	236,782,556	(2,363,856)	(21,057)
(Loss)/Tax calculated at 24% (2021: 24%)	(15,163,000)	56,828,000	(567,000)	(5,000)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	5,727,841	1,453,089	489,000	528,000
Utilisation of Special Reinvestment Allowances	–	(8,977,000)	–	–
Income that is not taxable in determining taxable profit	(5,000)	(1,502,000)	–	–
Loss not available for set-off against future taxable profit	78,000	–	78,000	–
Effect of different tax rates in other jurisdictions	(214,602)	(106,000)	–	–
	(9,576,761)	47,696,089	–	523,000
Adjustment recognised in the current year in relation to the income tax of prior year	1,768,207	270,059	(12,197)	(6,316)
Adjustment recognised in the current year in relation to the deferred tax of prior year	315,000	3,076,000	–	–
Tax (income)/expenses recognised in profit or loss	(7,493,554)	51,042,148	(12,197)	516,684

12. TAX (INCOME)/EXPENSES (CONT'D)

Malaysian income tax rate remained at 24% (2021: 24%) for the year of assessment 2022. Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax assets				
Tax refund receivables	11,451,167	3,058,611	450,273	110,629
Current tax liabilities				
Income tax payables	2,813,158	102,119	–	–

Deferred tax balances

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

	The Group	
	2022 RM	2021 RM
Deferred tax assets	5,356,145	–
Deferred tax liabilities	(11,547,486)	(17,220,813)
	(6,191,341)	(17,220,813)

12. TAX (INCOME)/EXPENSES (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					
2022					
Deferred tax (liabilities)/assets					
Property, plant and equipment	(18,724,795)	(481,400)	(4,528,600)	–	(23,734,795)
Unrealised gains on inventories	1,358,982	–	(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
	(17,220,813)	(498,000)	11,471,928	55,543	(6,191,341)
2021					
Deferred tax (liabilities)/assets					
Property, plant and equipment	(9,732,647)	–	(8,992,146)	(2)	(18,724,795)
Unrealised gain on inventories	3,801,438	–	(2,442,456)	–	1,358,982
Unrealised foreign exchange differences	(153,000)	–	298,000	–	145,000
	(6,084,209)	–	(11,136,602)	(2)	(17,220,813)

As of December 31, 2022, the Group has unutilised tax losses and unabsorbed tax capital allowances of RM45,599,000 (2021: Nil) which are available for offset against future taxable profits. Deferred tax assets calculated at applicable tax rate of 24% (2021: 24%) amounting to RM10,944,000 (2021: Nil) have been recognised in the financial statements.

The unutilised tax loss of the Group of RM2,135,000 shall be disregarded by the end of year of assessment 2032.

13. (LOSS)/EARNINGS PER SHARE

The basic and diluted (loss)/earnings per share are calculated as follows:

	The Group	
	2022 RM	2021 RM
(Loss)/Profit for the year attributable to owners of the Company	(55,685,427)	185,740,408

	2022 Shares	2021 Shares
Number of ordinary shares in issue as of January 1	915,502,851	832,275,351
Number of treasury shares as of January 1	(41,600,000)	(1,167,500)
Issuance of new shares	44,422,508	34,678,125
Ordinary shares repurchased	(23,294,142)	(16,994,325)
Treasury shares sold	–	2,989,575
Weighted average number of ordinary shares in issue as of December 31	895,031,217	851,781,226

	2022 Sen	2021 Sen
Basic and diluted (loss)/earnings per share	(6.22)	21.81

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, 2021	3,545,041	52,580,358	221,800,446	17,778,570	4,951,689	4,353,348	–	50,673,869	355,683,321
Additions	–	2,285,191	9,826,455	2,585,131	224,316	281,193	–	22,905,541	38,107,827
Write offs	–	–	(1,523,860)	–	–	–	–	(13,830)	(1,537,690)
Reclassification	–	14,362,098	42,605,935	1,003,732	2,620,015	204,900	–	(60,796,680)	–
Net foreign currency exchange differences	–	–	–	(37,433)	–	–	–	–	(37,433)
Balance as of December 31,2021/ 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	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

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									
Balance as of January 1, 2021	–	17,962,180	139,863,489	12,558,251	735,336	1,668,575	–	–	172,787,831
Charge for the year	–	1,154,199	9,738,402	864,523	370,450	382,484	–	–	12,510,058
Write offs	–	–	(1,116,967)	–	–	–	–	–	(1,116,967)
Net foreign currency exchange differences	–	–	–	(31,138)	–	–	–	–	(31,138)
Balance as of December 31, 2021/ 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	–	–	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	–	20,568,718	178,086,387	15,664,019	1,526,384	2,297,812	49,583	951,000	219,143,903
Carrying amount									
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
Balance as of December 31, 2021	3,545,041	50,111,268	124,224,052	7,938,364	6,690,234	2,788,382	–	12,768,900	208,066,241

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

Included in property, plant and equipment of the Group are the following assets under hire-purchase financing arising from newly acquired subsidiary during the year:

The Group 2022	Cost RM	Accumulated depreciation RM	Carrying amount RM
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

One of the subsidiary, Rubberex Alliance Sdn Bhd. ("RASB") recorded operating losses for the current financial year 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 existed, 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 value-in-use model. Based on the review, impairment losses of 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 15.50% was used in the calculation of recoverable amounts that reflects the current market assessment and the risks specific to RASB.
- Perpetual growth rate - 2.80%, 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 0.2% higher/lower, the impairment losses would increase by RM2,418,501 or decrease by RM2,104,975.
- If the perpetual growth rate is 0.5% higher/lower, the impairment losses would decrease by RM3,759,286 or increase by RM3,848,585.

15. PREPAID LEASE PAYMENTS

The Group	Leasehold land 2022 RM	2021 RM
At cost		
Balance as of beginning of year	17,445,437	5,545,309
Additions	–	11,900,128
Balance as of end of year	17,445,437	17,445,437
Accumulated amortisation		
Balance as of beginning of year	803,184	855,547
Amortisation:		
Current year	334,320	75,622
Prior year*	–	(127,985)
	334,320	(52,363)
Balance as of end of year	1,137,504	803,184
Carrying amount		
Balance as of end of year	16,307,933	16,642,253

* Relating to over-recognition of amortisation in prior year.

16. RIGHT-OF-USE ASSETS

The Group	Factories and warehouses 2022 RM	2021 RM
Cost		
Balance as of beginning of year	4,169,265	4,369,508
Arising from acquisition of a subsidiary (Note 17)	4,431,007	
Net foreign currency exchange differences	(29,465)	(200,243)
Balance as of end of year	8,570,807	4,169,265
Accumulated depreciation		
Balance as of beginning of year	2,384,186	1,667,222
Charge during the year	432,561	824,501
Arising from acquisition of a subsidiary (Note 17)	1,657,187	–
Net foreign currency exchange differences	(8,047)	(107,537)
Balance as of end of year	4,465,887	2,384,186
Carrying amount		
Balance as of end of year	4,104,920	1,785,079

16. RIGHT-OF-USE ASSETS (CONT'D)

The lease terms of the right-of-use assets ranges from 2 to 5 (2021: 3) years. The maturity analysis of lease liabilities is disclosed in Note 30.

The Group	2022 RM	2021 RM
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	432,561	824,501
Expense relating to short-term leases (Notes 9 & 10)	1,272,700	500,703
Interest expense on lease liabilities (Notes 11 & 30)	152,639	1,106

The total cash outflows for leases, including short-term leases, amount to RM2,439,553 (2021: RM1,352,692).

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Cost		
Balance as of beginning of year	23,959,868	24,051,005
Additions	40,805,975	1
Written off (Note 8)	–	(91,138)
Balance as of end of year	64,765,843	23,959,868
Unquoted shares:		
In Malaysia	64,765,843	23,959,868

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2022 %	Effective Equity Interest 2021 %	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	–	Trading and sale of gloves and In-Vitro Diagnostic ("IVD") medical devices.
Reszon Diagnostics International Sdn. Bhd.	Malaysia	100	–	Manufacturing and sale of In-Vitro Diagnostic ("IVD") medical devices.
Held through RMSB				
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	–	100	Completed Members' Voluntary Winding-Up on July 8, 2022.
Rubberex Spain, S.L.*	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.
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.*

^ *The company was incorporated on April 22, 2022.*

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the 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 RM180.0 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/ending December 31, 2022 and 2023 respectively.

In the event that RDISB's cumulative profit after tax for financial year ended December 31, 2022 and for the financial year ending December 31, 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 has 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 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 computed based on the forecast PAT of RDISB for financial year ending December 31, 2023. The unpaid portion of the purchase consideration is recognised as contingent consideration liability as 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 are as set out in the table below:

	Note	RM
Property, plant and equipment		18,017,689
Right-of-use asssets		2,773,820
Long-term investment	19	644,604
Inventories		21,500,137
Trade and other receivables		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 issued of the Company 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)

During the previous financial year, the Group disposed of its interests in Rubberex (Hong Kong) Limited ("RHK") when RHK de-registered on February 11, 2021. The gain on disposal of RHK was as follows:

	The Group 2021 RM
Proceeds from disposal	–
Parent's share of net assets derecognised	–
Cumulative exchange gain reclassified from equity to profit or loss on disposal of foreign operations	5,949,581
Gain on disposal	5,949,581

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 2022	2021
Manufacturing and sale of household and industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of industrial rubber gloves	Malaysia	–	1
Manufacturing and sale of disposable gloves	Malaysia	1	1
Manufacturing and sale of In-Vitro Diagnostic ("IVD") medical devices	Malaysia	1	–
Trading of gloves, household items, kitchen items and personal protective products	Spain	1	1
Trading and sale of gloves and In-Vitro Diagnostic ("IVD") medical devices	Malaysia	1	–
Investment holding	Malaysia	2	1
		7	5

18. INVESTMENT IN AN ASSOCIATE

	The Group 2022 RM	2021 RM
Unquoted shares, at cost	180,000,000	–

The associate is as follows:

Name of Company	Place of Incorporation and Place of Business	Proportion of ownership interest %	Principal Activity	Financial Year End
Held through Rubberex Empire Sdn. Bhd.				
Alliance Empire Sdn. Bhd.	Malaysia	20	Property investment	December 31

During the previous year, the Group undertook a joint collaboration with three (3) companies for the development and operation of a shopping mall known as the Empire City Mall through a company, namely Alliance Empire Sdn. Bhd. ("AESB") for the purpose to diversify the Group's business activities into property investment ("Collaboration"). In conjunction with the Collaboration, the Company entered into the following agreements:

(i) A Subscription Agreement with AESB on October 4, 2021 for the subscription of 200,000 new ordinary shares in AESB, representing 20% of the enlarged equity interest in AESB for a subscription price of RM180,000,000 to be fully satisfied by cash; and

(ii) A Shareholders Agreement with the three (3) companies on October 4, 2021 to regulate their relationship as shareholders of AESB.

On April 8, 2022, the Group subscribed for 200,000 new ordinary shares in AESB by way of instalment. As at the end of the reporting period, the shares acquired with balance consideration of RM37,142,740, as disclosed in Note 31, has yet to be paid and is expected to be fully settled in 2023.

19. OTHER INVESTMENTS

	The Group	
	2022 RM	2021 RM
Investment in equity instrument classified as at FVTOCI:		
Unquoted shares in France:		
Balance as of beginning of year	–	–
Arising from acquisition of a subsidiary (Note 17)	644,604	–
Balance as of end of year	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 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	
	2022 RM	2021 RM
Finished and trading goods	59,072,752	91,488,272
Raw materials	10,317,965	12,817,689
Packing materials	5,941,304	4,481,032
Work-in-progress	5,279,622	–
Parts and consumables	1,444,405	1,775,833
Goods-in-transit	75,938	780,062
	82,131,986	111,342,888

20. INVENTORIES (CONT'D)

The cost of inventories of the Group recognised as an expense during the year was RM190,774,096 (2021: RM267,408,425).

Included in cost of inventories recognised are the following expenses:

	The Group	
	2022 RM	2021 RM
Inventories written down to net realisable values	32,780,583	–
Inventories written off	1,439,359	–

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	23,996,745	23,576,773	–	–
Less: Loss allowances	(2,701,120)	–	–	–
	21,295,625	23,576,773	–	–
Other receivables	2,712,662	807,675	–	–
Escrow account	62,635,736	–	62,635,736	–
Taxes receivable	1,864	–	–	–
	86,645,887	24,384,448	62,635,736	–

The movements of loss allowances are as follows:

	The Group	
	2022 RM	2021 RM
Balance as of beginning of year	–	–
Additions (Note 10)	17,584	–
Arising from acquisition of a subsidiary (Note 17)	2,683,536	–
Balance as of end of year	2,701,120	–

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The currency profile of trade and other receivables is as follows:

	The Group		The Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Euro	7,572,457	17,683,256	–	–
United States Dollar	10,615,148	5,025,241	–	–
Ringgit Malaysia	68,277,444	1,675,951	62,635,736	–
Swiss Franc	180,838	–	–	–
	86,645,887	24,384,448	62,635,736	–

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from cash to 180 days (2021: cash to 180 days). No interest is charged on overdue outstanding trade receivables.

Trade and other receivables of the Group included amounts owing by a related parties amounting to RM12,597 (2021: RM312,400) and RM7,725 (2021: Nil) 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 RM2,550,000 (2021: Nil) which are unsecured, bear interest of 10.35% (2021: Nil) per annum and with a maturity term of 180 (2021: Nil) days.

Escrow account of the Group and of the Company comprised new ordinary shares issued by the Company which are held in escrow pursuant to the acquisition RDISB 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.

No significant changes to estimation techniques or assumptions were made during the reporting period.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

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 RM7,868,839 (2021: RM4,981,592) which are past due at the end of the reporting period for which the Group has not recognised 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	
	2022	**2021**
	RM	**RM**
Debts past due but not impaired:		
Number of days past due:		
1 - 30 days	4,852,320	4,114,112
31 - 60 days	1,999,097	776,451
61 - 90 days	761,767	81,112
More than 90 days	255,655	9,917
	7,868,839	4,981,592
Debts past due and impaired:		
Number of days past due:		
More than 90 days	2,701,120	–

22. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship 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 director of the Company, is also a director.
Revongen Corporation Sdn. Bhd. Biosyntech Malaysia Group Sdn. Bhd. Revon Media Sdn. Bhd. Plantzania Sdn. Bhd. Excel GGT Agri Technology Sdn. Bhd. Myhalmart Sdn. Bhd.	))))))	Companies in which a director of the Company, 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. Vivanties 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. Empress Wood Sdn. Bhd. Greenery Generation Sdn. Bhd. United Paulownia Plantation Sdn. Bhd.	))))	Subsidiaries of Green Afforestation International Network Sdn. Bhd.

22. RELATED PARTY TRANSACTIONS (CONT'D)

The amount owing by/(to) subsidiaries arose mainly from advances and expenses paid on behalf which are unsecured and are interest-free.

The amount owing by/(to) subsidiaries, classified as current assets/(liabilities), is repayable upon demand and will be settled in cash.

The amount 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	
	2022 RM	2021 RM
Subsidiaries		
Advances received, net of repayment	1,235,000	12,779,800
Advances granted, net of repayment	(98,003,000)	(184,103,000)

The transactions with subsidiaries are aggregated as these transactions are similar in nature.

	The Group	
	2022 RM	2021 RM
Hextar Industrial Chemicals Sdn. Bhd.		
Sale of goods	233,914	792,994
Purchase of goods	327,804	1,435,731
Hextar Mitai Sdn. Bhd.		
Purchase of property, plant and equipment	244,020	1,785,780
Factory maintenance expenses	–	19,000
Chempro Technology Sdn. Bhd.		
Purchase of goods	114,570	–
Lab testing expenses	57,870	21,692
Revongen Corporation Sdn. Bhd.		
Assignment of debts	504,668	–
Assignment of debts	(5,938)	–

22. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group	
	2022 RM	2021 RM
Biosyntech Malaysia Group Sdn. Bhd.		
Assignment of debts	59,552	–
Trade purchases	14,634	–
Purchase of property, plant and equipment	17,754	–
Upkeep of computer charges paid/payable	2,632	–
Purchase of small value assets	1,759	–
Revon Media Sdn. Bhd.		
Assignment of debts	938	–
Purchase of property, plant and equipment	1,163	–
Speedy Assay Sdn. Bhd.		
Trade sales	5,949	–
Assignment of debts	(128,434)	–
Green Afforestation International Network Sdn. Bhd.		
Rental of office paid/payable	39,161	–
Cleaning charges paid/payable	1,809	–
Electricity charges paid/payable	9,704	–
Upkeep expenses paid/payable	9,309	–
Assignment of debts	(387,090)	–
Ecopeneer Sdn. Bhd.		
Assignment of debts	(235,473)	–
Revenlogy Sdn. Bhd.		
Consultancy fees paid/payable	27,000	–
Assignment of debts	5,000	–
Vivantis Technologies Sdn. Bhd.		
Trade sales	5,920	–
Sale of property, plant and equipment	64,038	–
Upkeep of computer charges received/receivable	940	–
Assignment of debts	468,744	–
Trade purchases	223	–
Rental of lab paid/payable	412,985	–
Electricity charges paid/payable	83,170	–
Pop Bio Sdn. Bhd.		
Sale of property, plant and equipment	1,682	–
Assignment of debts	(40,000)	–

22. RELATED PARTY TRANSACTIONS (CONT'D)

	The Group	
	2022 RM	2021 RM
Spygene Laboratories Sdn. Bhd.		
Sale of property, plant and equipment	2,712	–
Assignment of debts	292	–
Trade purchases	292	–
Assignment of debts	(20,392)	–
Halvec Laboratories Sdn. Bhd.		
Patents and trademarks expenses paid/payable	287,275	–
Gain Green Development Sdn. Bhd.		
Sale of property, plant and equipment	2,429	–
Upkeep of computer charges received/receivable	850	–
Purchase of property, plant and equipment	2,343	–
Consultancy fees paid/payable	102,900	–
Assignment of debts	(11,867)	–
Greenery Generation Sdn. Bhd.		
Assignment of debts	(100,000)	–
United Paulownia Plantation Sdn. Bhd.		
Assignment of debts	(110,000)	–

23. OTHER ASSETS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits	2,127,892	1,242,554	1,000	1,000
Prepaid expenses	1,561,805	90,798	–	–
Advance payments made for acquisition of property, plant and equipment	796,792	–	–	–
	4,486,489	1,333,352	1,000	1,000

23. OTHER ASSETS (CONT'D)

The currency profile of other assets is as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	3,430,411	1,104,405	1,000	1,000
Chinese Renminbi	796,792	–	–	–
Euro	259,286	228,947	–	–
	4,486,489	1,333,352	1,000	1,000

24. OTHER FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2022 RM	2021 RM
Derivative financial assets		
Derivatives designated as at FVTPL		
- foreign currency forward contracts	2,891	89,030
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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	82,168,255	286,800,000	10,600,000	–
Cash and bank balances	8,104,784	11,586,450	201,474	5,862,458
Money market fund classified as FVTPL	2,523,287	–	–	–
	92,796,326	298,386,450	10,801,474	5,862,458

25. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The currency profile of fixed deposits, cash and bank balances of the Group is as follows:

	The Group	
	2022 RM	2021 RM
Ringgit Malaysia	90,474,273	295,976,045
Euro	1,899,412	2,077,433
United States Dollar	422,641	332,972
	92,796,326	298,386,450

Cash and bank balances of the Company are denominated in Ringgit Malaysia.

The fixed deposits and money market fund of the Group and of the Company have maturity periods and effective interest-rates as follows:

	The Group		The Company	
	2022	2021	2022	2021
Fixed deposits:				
Maturity periods	16 days - 12 months	1 - 2 months	16 days - 1 month	–
Effective interest rates (per annum)	1.85% - 3.55%	2.11%	2.73%	–
Money market fund:				
Effective interest rates (per annum)	2.20%	–	–	–

The fixed deposits of RM468,255 of a newly acquired subsidiary 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 is 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			
	2022 Number of ordinary shares	2021 Number of ordinary shares	2022 RM	2021 RM
Issued and fully paid:				
Ordinary shares:				
Balance as of beginning of year	915,502,851	832,275,351	257,793,534	191,211,534
Issued during the year	177,690,030	83,227,500	83,514,314	66,582,000
Balance as of end of year	1,093,192,881	915,502,851	341,307,848	257,793,534

During the 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 Reszon Diagnostics International Sdn. Bhd. 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.

In 2021, the Company increased its issued and paid-up ordinary share capital by the issuance of 83,227,500 new ordinary shares pursuant to a private placement exercise at an issue price of RM0.80 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

(b) Treasury Shares

	The Group and The Company			
	2022 Number of ordinary shares	2021 Number of ordinary shares	2022 RM	2021 RM
Ordinary shares:				
Balance as of beginning of year	41,600,000	1,167,500	24,202,634	1,612,432
Repurchased during the year	49,673,100	53,918,600	23,988,263	32,686,103
Sold during the year	–	(13,486,100)	–	(10,095,901)
Balance as of end of year	91,273,100	41,600,000	48,190,897	24,202,634

Treasury shares related to ordinary shares of the Company that are repurchased and 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 is suspended.

During the financial year, the Company repurchased 49,673,100 (2021: 53,918,600) ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of shares was RM23,988,263 (2021: RM32,686,103) and has been deducted from equity. The average price paid for the shares repurchased was RM0.48 (2021: RM0.61) per share. The repurchase transactions were financed by internally generated funds.

26. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury Shares (Cont'd)

In 2021, the Company sold 13,486,100 units of the treasury shares in the open market of Bursa Malaysia Securities Berhad for RM11,576,530 (after deducting expenses incurred in relation to the sale of treasury shares) to increase the working capital of the Company. The average selling price of the treasury shares was RM0.86 per share. The resulting gains arising from the treasury shares sold of RM1,480,629 have been credited to the retained earnings account.

As of December 31, 2022, the number of ordinary shares in issue and fully paid after excluding the Treasury Shares was 1,001,919,781 (2021: 873,902,851).

27. RESERVES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable reserve:				
Translation reserve	138,616	574,942	–	–
Distributable reserve:				
Retained earnings	311,286,545	366,971,972	12,201,071	14,552,730
	311,425,161	367,546,914	12,201,071	14,552,730

Retained earnings

The entire retained earnings of the Company as of December 31, 2022 is available for distribution as single-tier dividends to the shareholders of the Company.

Translation reserve

Translation reserve represents the exchange differences arising on translation of financial statements of foreign subsidiary from its functional currencies 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 subsidiaries are disposed of.

28. BORROWINGS

	The Group 2022 RM	2021 RM
Secured:		
Term loan	333,565	–
Unsecured:		
Term loans	533,237	–
Bank overdrafts	–	23,077
	866,802	23,077
Less: Amount due within 12 months (shown under current liabilities)	(355,914)	(23,077)
Non-current portion	510,888	–

The non-current portion is repayable as follows:

	The Group 2022 RM	2021 RM
Financial years ending December 31:		
2024	264,033	–
2025	223,047	–
2026	23,808	–
	510,888	–

Borrowings of the Group are denominated in Ringgit Malaysia.

The effective interest rates per annum are as follows:

	The Group 2022 %	2021 %
Term loans	7.00 - 10.06	3.75
Bank overdrafts	6.99 - 7.70	5.99 - 6.24

The newly acquired subsidiary has five (5) term loans as follows:

(a) a five (5) year term loan of RM378,000 which is repayable by 60 monthly instalments commencing August 2017;
(b) a seven (7) year term loan of RM500,000 which is repayable by 84 monthly instalments commencing February 2018;
(c) a five (5) year term loan of RM400,000 which is repayable by 60 monthly instalments commencing May 2018;
(d) a five (5) year term loan of RM300,000 which is repayable by 60 monthly instalments commencing July 2019; and
(e) a five (5) year term loan of RM500,000 which is repayable by 60 monthly instalments commencing October 2020.

28. BORROWINGS (CONT'D)

The following term loans of another subsidiaries had been fully settled in 2021:

(a) A seventy two (72) months secured term loan of RM23,400,000 (2021: RM23,400,000) of which a total partial drawdown of RM1,000,000 was made on December 31, 2020, repayable by sixty (60) monthly instalments commencing from the 13th month after the full drawdown;

(b) A seventy eight (78) months secured term loan of RM19,780,000 (2021: RM19,780,000) of which a total partial drawdown of RM1,800,000 was made on December 31, 2020, repayable by sixty (60) monthly instalments commencing from the 19th month after the full drawdown; and

(c) A seventy two (72) months secured term loan of RM10,820,000 (2021: RM10,820,000) of which a total partial drawdown of RM700,000 was made on December 31, 2020, repayable by sixty (60) monthly instalments commencing from the 13th month after the full drawdown.

As of December 31, 2022, the Group and the Company have credit facilities of RM84,758,000 (2021: RM82,500,000) and RM30,000,000 (2021: 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 RM4,258,000 acquired through the new subsidiary that 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 RM980,000;
(iv) Guarantee coverage by Government of Malaysia for a limit of RM910,000; and
(v) Personal guarantee by a director of the subsidiary.

29. HIRE-PURCHASE PAYABLES

	The Group Minimum hire-purchase payments	
	2022 RM	**2021 RM**
Amounts payable under hire-purchase arrangements:		
Within one year	748,081	–
In the second to fifth year inclusive	1,205,007	–
	1,953,088	–
Less: Future finance charges	(166,755)	–
Present value of hire-purchase payables	1,786,333	–

29. HIRE-PURCHASE PAYABLES (CONT'D)

	The Group Present value of minimum hire-purchase payments 2022 RM	2021 RM
Amounts payable under hire-purchase arrangements:		
Within one year	659,230	–
In the second to fifth year inclusive	1,127,103	–
Present value of hire-purchase payables	1,786,333	–
Less: Amount due within 12 months (shown under current liabilities)	(659,230)	–
Non-current portion	1,127,103	–

The non-current portion is repayable as follows:

	The Group 2022 RM	2021 RM
Financial years ending December 31:		
2024	628,829	–
2025	317,964	–
2026	117,485	–
2027	51,312	–
2028	11,513	–
	1,127,103	–

The terms for hire-purchase range from 2 to 7 years (2021: Nil). For the financial year ended December 31, 2022, the effective hire-purchase interest rates range from 4.17% to 6.89% (2021: Nil) 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	2022 RM	2021 RM
Balance as of beginning of year	1,841,946	2,787,373
Arising from acquisition of a subsidiary (Note 17)	3,325,413	–
Accretion of interest (Note 11)	152,639	1,106
Settlements	(1,166,853)	(850,883)
Net foreign currency exchange differences	(22,382)	(95,650)
Balance as of end of year	41,130,763	1,841,946
Maturity analysis:		
Year 1	2,709,554	818,752
Year 2	928,644	818,752
Year 3	390,916	205,669
Year 4	390,916	–
Year 5	130,305	–
	4,550,335	1,843,173
Less: Unearned interest	(419,572)	(1,227)
	4,130,763	1,841,946
Analysed as:		
Non-current	1,648,849	1,023,930
Current	2,481,914	818,016
	4,130,763	1,841,946

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	
	2022 RM	2021 RM
Ringgit Malaysia	3,162,508	–
Euro	968,255	1,841,946
	4,130,763	1,841,946

31. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	7,438,673	10,463,463	–	–
Other payables	8,942,241	19,081,777	–	–
Contingent consideration	6,426,396	–	6,426,396	–
Taxes payable	40,238	49,606	–	–
Consideration payable for subscription of shares in an associate (Note 18)	37,142,740	–	–	–
	59,990,288	29,594,846	6,426,396	–

The currency profile of trade and other payables is as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Great Britain Pound	31,836	–	–	–
Ringgit Malaysia	54,125,927	18,231,913	6,426,396	–
United States Dollar	4,334,965	7,598,689	–	–
Euro	1,467,731	3,764,244	–	–
Others	29,829	–	–	–
	59,990,288	29,594,846	6,426,396	–

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs, and contingent consideration for the acquisition of subsidiary. The credit period granted to the Group for trade purchases ranged from cash to 90 days (2021: 10 to 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 RM71,864 (2021: RM371,410) and RM10,207 (2021: Nil) 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 term granted to the Group for non-trade purchases was 30 days (2021: 30 days).

The Company has recognised contingent consideration liability pursuant to the acquisition of RDISB as disclosed under Note 17. The contingent consideration liability is categorised as Level 3 in the fair value hierarchy of financial instruments as it is computed based on the profit forecast for financial year 2023. The determination of forecasted profit for financial year ending December 31, 2023 requires significant management judgements and estimates, in particular in relation to the revenue forecast. Management has determined that a 1% increase in the forecast of revenue would result in an additional payment of approximately RM379,000 in 2023.

32. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represent unsecured and interest-free advances that are repayable on demand.

33. OTHER LIABILITIES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposit received	–	206,980	–	–
Accrued expenses	6,414,826	14,960,757	477,791	341,289
	6,414,826	15,167,737	477,791	341,289

The currency profile of other liabilities of the Group is as follows:

	The Group	
	2022 RM	2021 RM
Ringgit Malaysia	5,883,748	13,757,484
Euro	531,078	1,203,273
United States Dollar	–	206,980
	6,414,826	15,167,737

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
At amortised cost:				
Trade and other receivables	24,008,287	23,940,472	–	–
Amount owing by subsidiaries		-	195,588,916	239,336,997
Refundable deposits	2,127,892	1,242,554	1,000	1,000
Deposits, cash and bank balances	90,273,039	298,386,450	10,801,474	5,862,458
At FVTOCI:				
Investment in unquoted shares	644,604	–	–	–
At FVTPL:				
Money market fund Derivatives -	2,523,287	–	–	–
foreign currency forward contracts	2,891	89,030	–	–
Financial liabilities				
At amortised cost:				
Trade and other payables	59,950,050	29,545,240	6,426,396	–
Amount owing to a director	50,060	–	–	–
Other liabilities - accrued expenses	6,414,826	14,960,757	477,790	341,289
Amount owing to a subsidiary	–	–	22,021,033	20,786,033
Borrowings	866,802	23,077	–	–
Hire-purchase payables	1,786,333	–	–	–
Lease liabilities	4,130,763	1,841,946	–	–
FVTPL:				
Derivatives - foreign currency forward contracts	384	–	–	–

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

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") and Euro 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, 28, 30, 31 and 33.

Foreign currency sensitivity analysis

The management does not consider the Group's exposure to foreign currency exchange risk significant as of December 31, 2022. Therefore, sensitivity analysis for foreign currency exchange risk is not disclosed.

(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.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Market risk (Cont'd)

(ii) Interest rate risk management (Cont'd)

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, 2022 due to insignificant fluctuations in the market interest rates. Therefore, interest rate sensitivity analysis is not disclosed.

(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.

Of the trade receivables balance, Nil (2021: RM5,982,319) is due from the Group's largest customer. Apart from this, 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 related to this customer did not exceed 35 per cent of gross trade receivables at any time during the previous year. 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.

For other receivables which comprised mainly advances granted to a third party, the Group has developed and has maintained credit risk gradings to categorise exposures according to their degree of risk of default, in order to minimise credit risk. The credit rating information is supplied by independent rating agencies. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The ageing of trade receivables that are past due but not impaired is disclosed in Note 21.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(b) Credit risk management (Cont'd)

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 the 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.

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.

The maximum exposure to credit risk in prior year amounted to RM23,077 representing the outstanding balance of credit facilities of subsidiaries in which financial guarantees are given by the Company as of the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiaries will default on repayment.

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 RM84,758,000 (2021: RM82,477,000) and RM30,000,000 (2021: RM30,000,000) of which RM82,680,000 and RM30,000,000 respectively remain unused at the end of the reporting period.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (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 2022	**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	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)

Financial Risk Management Objectives and Policies (Cont'd)

(c) Liquidity and cash flow risks management (Cont'd)

The Group 2021	**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	23,940,472	–	–	23,940,472
Refundable deposits	1,242,554	–	–	1,242,554
Fixed deposits, cash and bank balances	304,409,250	–	–	304,409,250
Total undiscounted non-derivative financial assets	329,592,276	–	–	329,592,276
Non-derivative financial liabilities:				
Trade and other payables	29,545,240	–	–	29,545,240
Other liabilities - accrued expenses	14,960,757	–	–	14,960,757
Borrowings	23,077	–	–	23,077
Lease liabilities	818,752	1,024,421	–	1,843,173
Total undiscounted non-derivative financial liabilities	45,347,826	1,024,421	–	46,372,247
Net undiscounted non-derivative financial assets/(liabilities)	284,244,450	(1,024,421)	–	283,220,029

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) Liquidity and cash flow risks management (Cont'd)

The Company 2022	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	195,588,916	–	–	195,588,916
Refundable deposits	1,000	–	–	1,000
Fixed 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	477,790	–	–	477,790
Total undiscounted non-derivative financial liabilities	28,925,219	–	–	28,925,219
Net undiscounted non-derivative financial assets	177,482,761	–	–	177,482,761

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(c) Liquidity and cash flow risks management (Cont'd)

The Company 2021	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	239,336,997	–	–	239,336,997
Refundable deposits	1,000	–	–	1,000
Fixed deposits, cash and bank balances	5,862,458	–	–	5,862,458
Total undiscounted non-derivative financial assets	245,200,455	–	–	245,200,455
Non-derivative financial liabilities:				
Amount owing to a subsidiary	20,786,033	–	–	20,786,033
Accrued expenses	341,289	–	–	341,289
Financial guarantee contracts	23,077	–	–	23,077
Total undiscounted non-derivative financial liabilities	21,150,399	–	–	21,150,399
Net undiscounted non-derivative financial assets	224,050,056	–	–	224,050,056

The amounts included above for financial guarantee contracts in the previous year were the maximum amounts that the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterpart to the guarantee.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (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
2022				
- Gross inflows	2,146,174	–	–	2,146,174
- Gross outflows	–	–	–	–
2021				
- Gross inflows	5,190,225	–	–	5,190,225
- Gross outflows	4,539,777	–	–	4,539,777

(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 2021.

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 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Debts (i)	2,653,135	23,077	–	–
Fixed deposits, cash and bank balances	(92,796,326)	(298,386,450)	(10,801,474)	(5,862,458)
Net (cash)	(90,143,191)	(298,363,373)	(10,801,474)	(5,862,458)
Equity (ii)	604,542,112	601,137,814	305,318,022	248,143,630
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)

Financial Risk Management Objectives and Policies (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 Euro**	**Buy USD**	**Buy Euro**	**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
2021					
Foreign currency	651,000	515,552	597,020	423,246	
Notional value (RM)	2,743,436	2,446,789	2,519,249	2,020,528	
Fair value (RM)	26,584	12,062	28,021	22,363	89,030

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 is disclosed under Note 25.

There were no transfers between Levels 1 and 2 in both 2022 and 2021.

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 2022 RM	The Group 2021 RM
Cash purchase	13,855,725	35,217,125
Balance outstanding - Other payables	2,882,261	2,890,702
	16,737,986	38,107,827

(ii) Prepaid lease interest was acquired by the following means:

	The Group 2022 RM	The Group 2021 RM
Cash	–	10,761,115
Deposit paid in prior year	–	1,139,013
	–	11,900,128

(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 1.1.2022 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

(b) Reconciliation of liabilities arising from financing activities (Cont'd)

The Group

	Note	Balance as of 1.1.2021 RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2021 RM
Bank overdrafts	28	232,259	(232,259)	–	–
Term loans	28	3,500,000	(3,500,000)	–	–
Lease liabilities	30	2,787,373	(850,883)	(94,544)	1,841,946

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

The Company

	Note	Balance as of 1.1.2021 RM	Financing cash flows RM	Non-cash changes* RM	Balance as of 31.12.2021 RM
Amount owing to a subsidiary	22	8,006,233	12,779,800	–	20,786,033

* Non-cash changes comprised net foreign currency exchange differences.

35. STATEMENTS OF CASH FLOWS (CONT'D)

(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	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	82,168,255	286,800,000	10,600,000	–
Cash and bank balances	8,104,784	11,586,450	201,474	5,862,458
Money market fund	2,523,287	–	–	–
Bank overdrafts	–	(23,077)	–	–
	92,796,326	298,363,373	10,801,474	5,862,458
Less: Fixed deposits pledged to licensed banks	(468,255)	–	–	–
	92,328,071	298,363,373	10,801,474	5,862,458

36. FOREIGN EXCHANGE TRANSLATION RESERVE

	The Group	
	2022 RM	2021 RM
Balance as of January 1	574,942	8,318,427
Exchange differences on translating the net assets of foreign operations	(436,326)	(1,793,904)
Cumulative exchange gain reclassified from equity to profit or loss on disposal of foreign operations (Note 17)	–	(5,949,581)
Balance as of December 31	138,616	574,942

37. CAPITAL COMMITMENTS

As of the end of the reporting period, the Group has capital commitments in respect of the followings:

	2022 RM	2021 RM
Approved and contracted for:		
Property, plant and equipment	1,684,558	1,094,884
Investment in an associate	–	180,000,000

STATEMENT BY DIRECTORS

The directors of **HEXTAR HEALTHCARE BERHAD** (Formerly Known As Rubberex Corporation (M) 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, 2022 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 26th, 2023

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** (Formerly Known As Rubberex Corporation (M) 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 26th day of April, 2023

Before me,

WONG KIAN SHYAN (A292)
COMMISSIONER FOR OATHS

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

as at 31 December 2022

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]	28.5/3,545
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	24.0/870
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	15.0/1,258
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	7.0/1,781
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	5.0/1,826
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	2.0/8,534
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	2.0/3,107
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	[1996]	28.5/4,373

Properties Held By the Company and Its Subsidiaries
as at 31 December 2022

(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	24.0/15,323
Factory buildings located at Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2007	15.0/1,192
Factory buildings located at Lot 312174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2016	7.0/1,206
Factory buildings located at Lot 351408, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	–	–	Manufacturing, warehouse and office	–	2018	5.0/31,043

HEXTAR HEALTHCARE BERHAD
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
(199601000297) (372642-U)
(Incorporated in Malaysia)

No. of shares held

CDS Account No. (Nominees Account Only)
- -

FORM OF PROXY

*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** (Formerly known as Rubberex Corporation (M) 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-Seventh 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 **Friday, 26 May 2023** 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 2023		
2	Payment of Directors' Benefits from 27 May 2023 until the Twenty-Eighth Annual General Meeting of the Company to be held in 2024		
3	Re-election of Mr. Lim Chee Lip who retires pursuant to Clause 76(3) of the Company's Constitution as Director		
4	Re-election of Ms. Doris Cheng Chin Ching who retires pursuant to Clause 78 of the Company's Constitution as Director		
5	Re-election of Ms. Lim Siew Eng 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___________2023.

____
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 27th 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 27th 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 **18 May 2023**. 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 27th 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 at <u>https://tiih.online</u>. 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 **Wednesday, 24 May 2023** 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.
14. Shareholders are advised to check the Company's website at <u>www.rubberex-corp.com.my</u> and announcements from time to time for any changes to the administration of the 27th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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AFFIX
STAMP

The Share Registrar of
HEXTAR HEALTHCARE BERHAD
(formerly known as Rubberex Corporation (M) 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
(formerly known as Rubberex Corporation (M) Berhad)
199601000297 (372642-U)

Lot 138201, Off 3/4 Mile, Jalan Bercham, Kawasan Perindustrian Bercham
31400 Ipoh, Perak Darul Ridzuan, Malaysia.

www.rubberex.com.my