



Hextar

HEXTAR CAPITAL BERHAD
(formerly known as Opcom Holdings Berhad)
Registration No. 199401036979 (322661-W)

TRANSFORMING

OUR JOURNEY TOWARDS EXCELLENCE

ANNUAL REPORT 2023



TRANSFORMING

OUR JOURNEY TOWARDS EXCELLENCE

28TH

Annual General Meeting of **Hextar Capital Berhad**
(formerly known as Opcom Holdings Berhad) ("**HCB**")

will be conducted in a virtual manner through live
streaming from the Conference Room of HCB at

No. 11, Jalan Utas 15/7, 40200 Shah Alam,
Selangor Darul Ehsan, Malaysia on Friday,

29 March 2024 at 3.00 p.m.

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GLOSSARY

ACRONYM / SHORT FORM	FULL FORM
ABC	Anti-Bribery and Corruption
AC	Audit Committee
AGM	Annual General Meeting
AMLR	ACE Market Listing Requirements
Board	Board of Directors
Bursa Securities	Bursa Malaysia Securities Berhad
CG Report	Corporate Governance Report
CA 2016	Companies Act 2016
DFPP	Directors' Fit and Proper Policy
ESOS	Employees' Share Option Scheme
FPE 2023	Financial period ended 30 September 2023
HCB or the Company	Hextar Capital Berhad (formerly known as Opcom Holdings Berhad)
HCB Group or the Group	Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) and its subsidiaries
KPI	Key Performance Indices
MCCG	Malaysian Code on Corporate Governance
NRC	Nominating and Remuneration Committee
PDPA	Personal Data Protection Act 2010
RPT	Related Party Transactions
RRPT	Recurrent Related Party Transactions of a Revenue or Trading Nature
TC	Tender Committee
TOR	Terms of Reference

VISION

An affordable broadband infrastructure
for all Malaysians

MISSION

To deliver high quality and well-engineered products, supported by timely delivery and excellent customer service.

To provide the means and resources to promote equality, learning and growth initiatives aimed at the development of our employees to attain their true potential in order to sustain the future human resource needs of the organisation.

To diversify and venture into other businesses which support the long-term growth of the Group.

VALUES

It is a set of principles that capture the spirit, philosophy and daily activity of HCB Group.



SUPERIOR QUALITY

Everything that HCB does or provides for internal and external stakeholders will be exceptionally recognised for superior quality based on world class standards.



VALUE

All our activities are geared towards creating value for the organisation.



ATTITUDE

We believe that promoting and cultivating a positive outlook with forward looking attitude are essential in achieving our goals.



CHALLENGE

We have, with the strong leadership of our management team over the years, managed to build up a healthy and successful working relationship for and with our employees.

Through the combination of foreign and local expertise, our team of highly motivated and committed employees has been able to realise our true potential in offering our customers the best products and services at very competitive prices.



COMMITMENT

We are committed to our promises to clients and employees and their families.



COMMUNITY

HCB is a responsible corporate citizen towards creating significant national, economic and social impacts in ways that make a meaningful difference to people's lives.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mazlin Bin MD Junid

Chairman
Independent Non-Executive
Director

Er Kian Hong, Elizabeth (f)

Independent Non-Executive
Director

Ong Soon Lim

Non-Independent Non-Executive
Director

Chang Kian Seong, Johnson

Managing Director

Magnus Kreuger

Independent Non-Executive
Director

Teh Li King

Non-Independent Non-Executive
Director

AUDIT COMMITTEE

Chairperson

Er Kian Hong, Elizabeth (f)

Members

Dato' Mazlin Bin MD Junid
Magnus Kreuger

NOMINATING AND REMUNERATION COMMITTEE

Chairman

Magnus Kreuger

Members

Dato' Mazlin Bin MD Junid
Er Kian Hong, Elizabeth (f)

TENDER COMMITTEE

Chairman

Magnus Kreuger

Members

Ong Soon Lim
Er Kian Hong, Elizabeth (f)

COMPANY SECRETARIES

Ng Heng Hooi
MAICSA 7048492
SSM Practicing
Certificate No. 202008002923

Wong Mee Kiat (f)
MAICSA 7058813
SSM Practicing
Certificate No. 202008001958

REGISTERED OFFICE

Level 5, Tower 8
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Federal Territory of Kuala Lumpur
Malaysia
Tel : 03 2280 6388
Fax : 03 2280 6399
Email : listcomalaysia@acclime.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 03 7890 4700
Fax : 03 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 11, Jalan Utas 15/7
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : 03 5519 5599

AUDITORS

Ecovis Malaysia PLT
Registration No. 201404001750
(LLP0003185-LCA) (AF001825)
Chartered Accountants
No. 9-3, Jalan 109F
Plaza Danau 2
Taman Danau Desa
58100 Kuala Lumpur
Federal Territory of Kuala Lumpur
Malaysia
Tel : 03 7981 1799
Fax : 03 7980 4796

PRINCIPAL BANKER

RHB Bank Berhad
Registration No. 196501000373 (6171-M)
Level 7, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Federal Territory of Kuala Lumpur
Malaysia
Tel : 03 9287 8888
Fax : 03 9287 9000

STOCK EXCHANGE LISTING

ACE Market
Bursa Malaysia Securities Berhad
Stock Name : HEXCAP
Stock Code : 0035

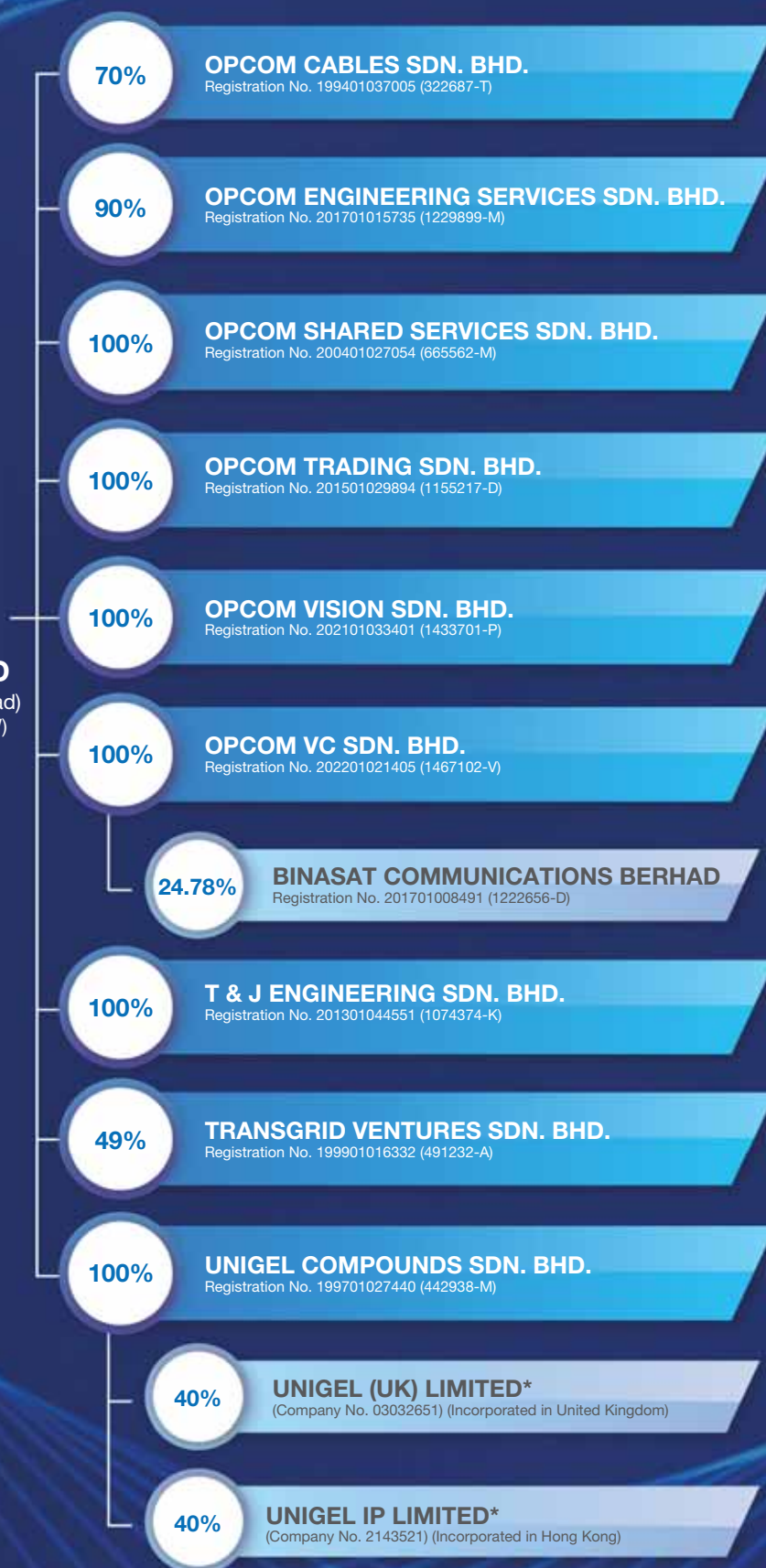
WEBSITE

www.hextarcapital.com

CORPORATE STRUCTURE

Hexstar

HEXTAR CAPITAL BERHAD
(formerly known as Opcom Holdings Berhad)
Registration No. 199401036979 (322661-W)



* On 23 January 2024, the Group had entered into share sale agreements to dispose its equity interest in Unigel (UK) Limited and Unigel IP Limited

FINANCIAL HIGHLIGHTS

5-YEAR FINANCIAL TRACK RECORD

OPERATING RESULTS (RM MILLION)	2019	2020	2021	2022	2023 (18 months)
Revenue	74.58	44.45	66.99	87.17	217.53
Profit/(Loss) before taxation	(1.03)	(10.08)	3.39	7.56	10.98
Profit/(Loss) attributable to owners of the Company	0.45	(7.90)	2.59	3.95	2.53

KEY FINANCIAL POSITION DATA (RM MILLION)					
Property, plant and equipment	44.52	27.31 ¹	24.40	23.29	20.31
Total assets	115.86	107.51	118.19	181.66	309.65
Share capital	32.25	32.25	32.25	100.41	170.63
Shareholders' funds	88.63	82.62	83.93	158.05	192.06

SHARE INFORMATION PER SHARE (SEN)					
Basic earnings/(loss)	0.28	(4.90)	1.60	1.79	0.79
Net dividend	1.25	-	-	-	-
Net assets attributable to owners of the Company	54.96	51.24	52.05	56.63	50.01

FINANCIAL RATIOS (%)					
Return on total assets	(1.33)	(9.95)	2.72	3.81	2.55
Return on shareholders' equity	0.51	(9.56)	3.08	2.50	1.32

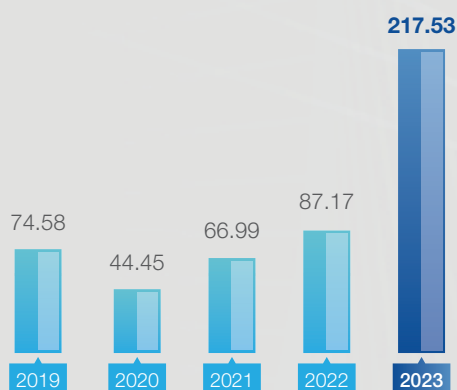
Note:

- 1 Reclassification of RM12.35 million (long-term leasehold land and motor vehicle) due to adoption of MFRS16.

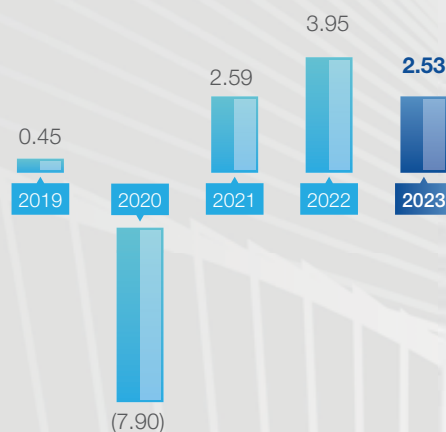
FINANCIAL HIGHLIGHTS

5-YEAR FINANCIAL TRACK RECORD
Cont'd

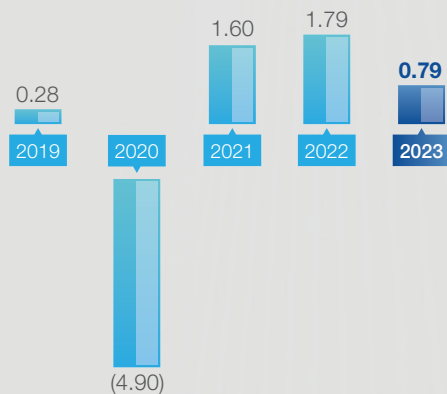
REVENUE (RM Million)



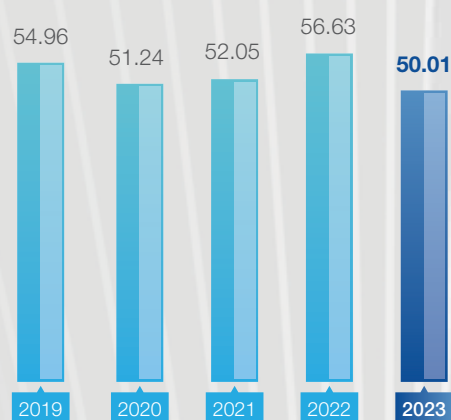
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM Million)



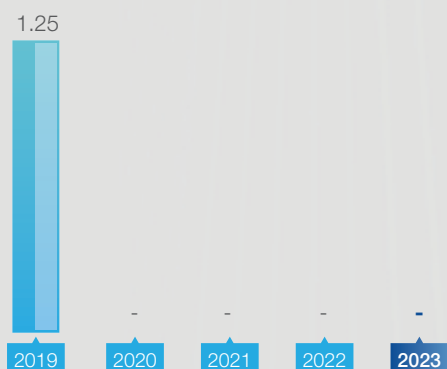
BASIC EARNINGS/(LOSS) PER SHARE (sen)



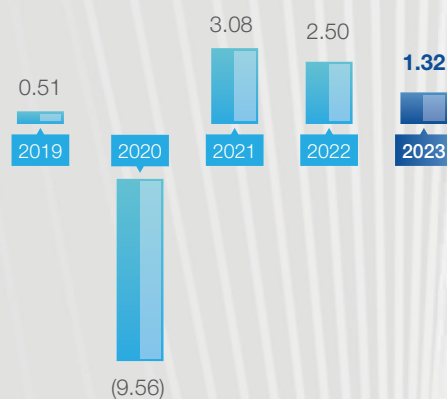
NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (sen)



NET DIVIDEND PER SHARE (sen)



RETURN ON SHAREHOLDERS' EQUITY (%)



FINANCIAL CALENDAR

19 August 2022

Announcement of the unaudited results for
the financial period ended 30 June 2022

22 September 2022

27th Annual General Meeting

25 November 2022

Announcement of the unaudited results for
the financial period ended 30 September 2022

20 December 2022

Extraordinary General Meeting

22 February 2023

Announcement of the unaudited results for
the financial period ended 31 December 2022

FINANCIAL CALENDAR

Cont'd

25 May 2023

Announcement of the unaudited results for
the financial period ended 31 March 2023

25 August 2023

Announcement of the unaudited results for
the financial period ended 30 June 2023

28 November 2023

Announcement of the unaudited results for
the financial period ended 30 September 2023

01 December 2023

Extraordinary General Meeting

29 December 2023

Extraordinary General Meeting

CHAIRMAN'S STATEMENT

DEAR ESTEEMED SHAREHOLDERS,

On behalf of the Board, I am pleased to present you with HCB's Annual Report for the FPE 2023. Despite numerous challenges faced in the business environment, FPE 2023 marked a significant milestone for HCB as we embarked on a new strategic path by undertaking several noteworthy corporate exercises during the financial year. These corporate exercises demonstrate our commitment in achieving long-term objectives and navigating through a transformative phase in our corporate journey.

ECONOMIC ENVIRONMENT AND OPERATIONAL HIGHLIGHTS

In year 2022 and 2023, we still encountered various economic headwinds due to global factors such as disruptions in supply chain, long delivery lead time, shortage of workers, volatile commodity prices and higher cost of conducting business. Despite these headwinds, Malaysia's Gross Domestic Product ("GDP") continues to display positive growth at a moderate pace with the annual GDP growth rate for third quarter 2023 standing at 3.3%. It is also noteworthy that the growth rate was higher than the second quarter's growth rate of 2.9%, indicating resilience in our nation's economy amidst the pressures from global factors.

In recent years, the demand for digitalisation has been on the rise, especially with the COVID-19 pandemic which has further accelerated this trend. As digital lifestyles become more prevalent and remote work culture gains popularity, there is a heightened need for enhanced technologies, connectivity and faster internet speeds. These advancements are essential to stay connected, access to essential services and improve work productivity and efficiency in today's modern digital landscape.

Meanwhile, the Malaysian Government has also been actively promoting and supporting digitalisation in the country by introducing several initiatives such as SME Digitalisation Grant Scheme and MyDIGITAL, recognising that technology and digital transformation play an important role in driving the country's economic growth and improving the lives of our citizens.

HCB Group have been riding on the train to grip the growing opportunities in the telecommunications industry. In FPE 2023, we have diversified into providing telecommunications network infrastructure solutions via the acquisition of T & J Engineering Sdn. Bhd. ("TJE"). Our financial results for the FPE 2023 have proven the positive impact of this strategic move. With this accomplishment, we are now gearing up to expand our core business of the manufacturing of fibre optic cables to encompass a broader spectrum of telecommunications network services by leveraging on TJE's business and network.

CHAIRMAN'S STATEMENT

Cont'd

ECONOMIC ENVIRONMENT AND OPERATIONAL HIGHLIGHTS (CONT'D)

Mirroring the economic recovery, we have successfully secured multiple contracts to supply fibre optic cabling systems and related infrastructure works to several prominent telecommunication companies. The acquisition of TJE will further enhance our Group's ability to fulfil these awarded contracts and actively pursue for new contracts/ventures. Besides, TJE is also one of the appointed key contractors to support in the Jalinan Digital Negara ("JENDELA") project, one of the government initiative projects to implement Phase 1 in multiple locations across Sarawak. The said project aims to provide wider coverage and better-quality broadband experience to the local community. As such, we are of the view that the acquisition of TJE would provide HCB an immediate access and opportunity to enlarge its footprint in East Malaysia, increase work productivity and contribute positively to the government's nation digitalisation goals.

Following the acquisition of TJE, the Group has also acquired 18.03% equity interest in Binasad Communications Berhad ("Binacom") on 2 October 2023. Binacom is primarily involved in the provision of support services for satellite, mobile and fibre optic telecommunications networks as well as engineering, procurement, construction and commissioning ("EPCC") of solar facilities. On 29 December 2023, upon obtaining approvals from our shareholders at the Extraordinary General Meeting, the Company has further acquired an additional 6.75% equity interest in Binacom. This strategic move will enable the Group to equity account for Binacom as an associate company and leverage on its platform to pursue future contracts, accelerate our expansion and in turn solidify our position in the telecommunications sector.

Another key milestone marked in FPE 2023 is the acquisition of 49% equity interest in Transgrid Ventures Sdn. Bhd. ("Transgrid") along with the diversification into the power generation and transmission business. This strategy is aimed to diversify our earnings base, thereby creating additional income stream to generate long term value to our shareholders. In addition, Transgrid is nearing completion on the construction and commissioning of a renewable energy power plant in Raub, Pahang that will be capable of generating four (4) megawatts of electricity to Malaysia's National Grid upon its commercialisation. As such, we are optimistic about the Group's growth prospects and outlook, stemming not only from the immediate benefits derived from existing projects but also from the expansion opportunities leveraging on Transgrid's current market position in the industry.

With all the abovementioned corporate exercises, the Company has also officially changed its name from "Opcom Holdings Berhad" to "Hextar Capital Berhad" on 1 December 2023 to have a new corporate identity to better reflect the Group's core business and its future undertakings.

FINANCIAL HIGHLIGHTS

To consolidate the Group's expanded operations and financials, we have changed the Company's financial year from 31 March to 30 September in order to ensure that sufficient time and resources are allocated to better manage the reporting and audit process within our enlarged group. Thus, there is no direct comparative figure for the preceding year.

Nevertheless, with the strategic business decisions made earlier especially the acquisition of TJE, the Group has recorded a total revenue of RM217.5 million and a profit after tax of RM3.2 million for the 18-month in FPE 2023.

For further details on the Group's financial and operational performance, please refer to our Management Discussion and Analysis section of this Annual Report.

CHAIRMAN'S STATEMENT

Cont'd

CORPORATE GOVERNANCE

At HCB, we are committed to maintain the highest standards of transparency, accountability and integrity in all of our business operations. We believe that strong corporate governance is essential to build and maintain trust with our shareholders and other stakeholders.

During the financial period, the Board has taken the initiative to implement a new Fit and Proper Policy that outlines the criteria and requirements where individuals must meet in order to be deemed as "fit and proper" to the positions as the Directors of the Group. The implementation of this policy is to ensure that our Board comprise individuals who have the necessary qualifications, skills and experiences to perform their duties effectively and ethically.

Further insights on the Group's measures in upholding corporate governance can be referred to the Corporate Governance Overview Statement in this Annual Report and the Company's CG Report.

EMBEDDING SUSTAINABILITY

Our commitment to business sustainability and social responsibility remains as top priorities in HCB Group. We believe that sustainable business practices are essential for the long-term success of the Group, wellbeing of the local community as well as the health of our mother earth. Hence, we will continue to operate our business in a sustainable manner that minimises the environmental impacts and promotes the well-being of our communities.

For green initiatives, we have been actively promoting and practising 3R (Reduce, Reuse and Recycle) as part of our waste management efforts and we strive to conserve electricity and water usage at our workplace. The Environmental Management System of our subsidiaries, Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd., have been certified with ISO 14001:2015.

To further enhance the safety and well-being of our employees, our Safety, Health and Environmental Committee have collaborated with Jabatan Keselamatan dan Kesihatan Malaysia as well as Jabatan Pengangkutan Jalan to conduct awareness campaign and provide informative talks to our employees on workplace safety issues and preventive measures. In an effort to promote a conducive working environment, we conducted a Sexual Harassment Awareness Training for our existing employees during the financial period. Company events such as Hari Raya gathering, Group Gathering and friendly badminton match were also organised during FPE 2023 to foster a sense of team spirit among our people within the Group.

In terms of our social responsibilities, we remain committed to contribute positively to the society. During FPE 2023, we continue to provide internship opportunities and collaborated with KLK Bioenergy Sdn. Bhd., Hospital Tuanku Ampuan Rahimah and University Malaya Medical Centre to organise blood donation programme.

We are pleased with the progress that we have made towards achieving our sustainability objectives and we remain committed to the continuous improvement in our sustainability practices. We believe that promoting a more sustainable future is a shared responsibility, and we encourage our stakeholders to join us in this effort.

For further insights on our sustainability strategies and initiatives, please refer to the Sustainability Statement in this Annual Report.

CHAIRMAN'S STATEMENT

Cont'd

FUTURE OUTLOOK

Looking ahead into financial year ending 30 September 2024, the Group is optimistic on its prospects in view of the increasing demand and government supports in telecommunication industry. Furthermore, our newly acquired subsidiary, TJE, has already yielded positive returns to the Group. The Group's position in the telecommunications industry will be further strengthened by the acquisition of equity interest in Binacom. With our active expansion strategies, we are confident that we can navigate through challenges and capitalise on opportunities with our strong financial footage, talented team and commitment to innovation and customer satisfaction.

Apart from the telecommunication sector, the power infrastructure market has demonstrated a positive outlook and strong growth potential, primarily due to government renewable energy initiatives and the nation's growing demand for electricity. In addition, Tenaga Nasional Berhad has committed to modernise the national grid with budget up to RM21.0 billion from 2021 to 2024. Hence, we anticipate that the Group will benefit from tapping into this rising trend and seize the associated opportunities. In this regard, we also anticipate better earnings in the forthcoming years, driven by the synergies arising from our Group's expanded network.

Moving forward, we believe that our continued investment in the business, commitment to sustainability, and focus on delivering exceptional services to our customers will drive us to long-term success and thereby generate rewarding values to the various stakeholders.

DIVIDEND

The Board does not recommend any dividend for the FPE 2023 as the Group intends to reserve cash for future business expansion purposes. This decision was made after careful consideration of the Group's financial position and future growth prospects. We believe that this decision is in the best interest of the Company and its shareholders.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation for the outstanding contributions and dedications from our employees and other stakeholders including our shareholders, customers, business associates and industry partners. We recognise that our success is a result of the trust, hard work and commitment of everyone involved in our business and we are truly grateful for all that you do.

Meanwhile, I would like to take this opportunity to welcome Mr. Chang Kian Seong, Johnson as our new Managing Director and Ms. Er Kian Hong, Elizabeth as our new Independent Non-Executive Director. Additionally, I would like to extend our sincere appreciation to Ms. Lim Kim Lee, who has relinquished her role as our Independent Non-Executive Director, for her dedicated service and valuable contributions to the Group in the past. We wish her well in her future endeavours.

DATO' MAZLIN BIN MD JUNID

Independent Non-Executive Chairman

24 January 2024

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Since 1994, HCB and the Group have been primarily focused on the manufacturing of fiber optic cables and cable-related products for the telecommunications industry. HCB Group has served the telecommunications and power utilities industries in recent decades through its engineering services and acts as a distribution agent and solution provider for telecommunications products in Malaysia.

HCB has been consistently eyeing suitable opportunities to tap into relevant income-generating businesses that are sustainable over the long term and enhance our footprint in Malaysia. To this end, the Group has acquired 100% equity interest in T & J Engineering Sdn. Bhd. (“**TJE**”) on 7 March 2023. TJE is principally involved in providing telecommunications network infrastructure solutions, encompassing civil as well as mechanical and electrical engineering telecommunication infrastructure deployment. The acquisition of TJE enables the Group to tap into the relevant opportunities in the local telecommunications network industry, driven by capital investments of fixed and mobile service providers to support the demand for data and the upcoming proliferation of the 5G network.

As of 30 September 2023, HCB Group is principally engaged in three (3) business segments, as per the table below:

Manufacturing	Manufacturing of fiber optic cables, systems, accessories and thixotropic gel
Trading & Engineering Services	Trading of cable filling, flooding compounds, industrial products and building materials as well as provision of engineering services
Telecommunication Network	Supply, construct and delivery of tower structures and its ancillaries for the purpose of the provisioning of public cellular services to end-users

MANAGEMENT DISCUSSION & ANALYSIS

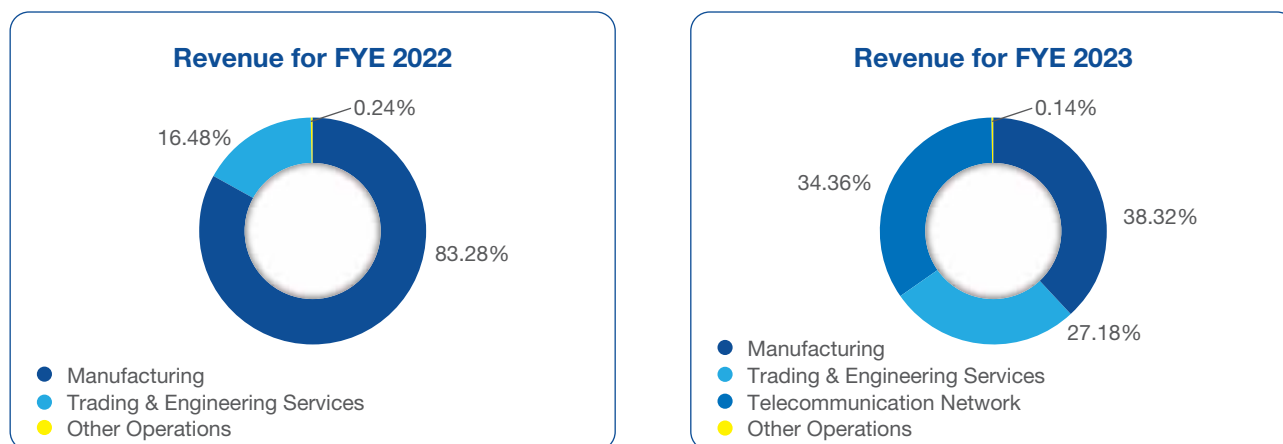
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FINANCIAL PERFORMANCE REVIEW

	(18 Months) FPE 2023 RM'000	(12 Months) FYE 2022 RM'000
Revenue	217,533	87,174
Gross profit ("GP")	54,768	18,026
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	29,941	9,549
Profit before tax ("PBT")	10,983	7,561
Profit after tax ("PAT")	3,193	6,399
GP margin (%)	25.18	20.68
PBT margin (%)	5.05	8.67
PAT margin (%)	1.47	7.34

The financial year end of the Group has been changed from 31 March 2023 to 30 September 2023, resulting in an 18-month period reported from 1 April 2022 to 30 September 2023 ("FPE 2023"). As such, there will be no comparative financial information available for financial year ended 31 March 2022 ("FYE 2022").

The Group's revenue by business segmentation for FYE 2022 and FPE 2023 are shown as follows: -



In FPE 2023, manufacturing segment revenue (38.32%) remains the Group's top revenue contributor despite being significantly diluted from 83.28% in FYE 2022 to 38.32% in FPE 2023 following the higher revenue contributions from both trading & engineering services segment and the telecommunication network segment.

Revenue from the telecommunication network segment is primarily contributed by TJE. TJE is involved in constructing communication towers at 158 sites in Sarawak under the Jalinan Digital Negara ("JENDELA") Phase 1 project. As of 30 September 2023, approximately 64% of work done was recognised, contributing revenue of RM74.74 million to the Group.

During FPE 2023, our Group recorded a GP of RM54.77 million compared to RM18.03 million in FYE 2022. GP margin increased by 4.50% from 20.68% in FYE 2022 to 25.18% in FPE 2023. The improvement in GP margin was mainly contributed by the new telecommunication network segment, which has a higher GP margin than our other business segments. The improved GP margin was partially offset by the lower GP margin from both the manufacturing and trading & engineering services segments, following the higher fiber optic cables and building materials prices together with the weakening of the Malaysian Ringgit ("MYR") vis-à-vis United States Dollar ("USD").

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

FINANCIAL PERFORMANCE REVIEW (CONT'D)

For the FPE 2023, the Group recorded PBT and PAT of RM10.98 million and RM3.19 million, respectively. Despite the overall increase in our Group's GP margin, our overall PBT and PAT margins decreased by 3.62% and 5.87%, settling at 5.05% and 1.47%, respectively. This was mainly attributed to the (i) recognition of impairment loss of investment in an associated company of RM14.33 million, (ii) amortisation of intangible assets arising from the initial assessment of purchase price allocation in accordance to MFRS 3: Business Combinations, on the acquisition of TJE, amounting to RM15.18 million, and (iii) difference arising from receivables discounted to the present value of RM3.62 million.

FINANCIAL POSITION REVIEW

Statement of Financial Position

	30 September 2023	31 March 2022	Variance	
	RM'000	RM'000	RM'000	%
Assets				
Non-current assets	67,578	55,704	11,874	21.32
Current assets	242,070 ⁽¹⁾	125,956	116,114	92.19
Total assets	309,648	181,660	127,988	70.46
Liabilities				
Non-current liabilities	33,808	734	33,074	>100.00
Current liabilities	73,878	13,168	60,710	>100.00
Total liabilities	107,686	13,902	93,784	>100.00
Net assets ("NA") / Total equity	201,961	167,758	34,203	20.39
NA per share (sen)	52.59	60.11	(7.52)	(12.51)
Current ratio (times)	3.28	9.57	(6.29)	(65.73)
Gearing ratio (times)	0.14	< 0.01	0.14	>100.00

Note:

(1) The current assets include the investment in associates held for sale amounting to RM7.6 million.

Our Group's total assets increased by RM127.99 million or 70.46% from RM181.66 million as at 31 March 2022 to RM309.65 million as at 30 September 2023. The increase was mainly attributable to (i) an increase in trade receivables by RM89.72 million and (ii) an increase in inventories by RM6.31 million in conjunction with the consolidation of TJE. Separately, the non-current assets include the provisional goodwill of RM8.20 million and intangible assets of RM26.01 million from the acquisition of TJE.

Our Group's total liabilities also increased by RM93.78 million, from RM13.90 million as at 31 March 2022 to RM107.69 million as at 30 September 2023. The increase in total liabilities mainly resulted from (i) higher trade and other payables and (ii) higher bank borrowings. This increase is mainly due to the consolidation of TJE and the utilisation of bank borrowings to support the expansion and growth of our business during the financial period. Included in the total liabilities are deferred purchase consideration amounting to RM43.99 million relating to the acquisition of TJE, which is payable in accordance with the Share Sale Agreement when certain criteria are met. Our Group's gearing ratio stood at 0.14 times as at 30 September 2023.

Our Group closed the financial period with a healthy financial position, recording a positive current ratio of 3.28 and an NA per share of RM0.53 as at 30 September 2023.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

FINANCIAL POSITION REVIEW (CONT'D)

Statement of Cash Flows

	30 September 2023	31 March 2022
	RM'000	RM'000
Net cash (used in)/from operating activities	(62,671)	13,945
Net cash (used in)/from investing activities	(8,194)	1,219
Net cash from financing activities	25,733	55,412
Net change in cash and cash equivalent	(45,132)	70,576
Cash and cash equivalents at the beginning of the financial period/year	91,581	20,861
Effect of exchange rate fluctuations on cash held	128	144
Cash and cash equivalents at the end of the financial period/year	46,577	91,581

As at 30 September 2023, our Group recorded a net operating cash outflow of RM62.67 million, mainly due to the increase in our trade receivable balances and inventories, which outpaced the increase in trade payables.

The Group recorded a net investing cash outflow of RM8.19 million as at 30 September 2023, mainly due to placements of other investments and pledged deposits during the financial period.

The Group's net cash generated from financing activities amounted to RM25.73 million as at 30 September 2023, mainly arising from proceeds from the issuance of new ordinary shares via private placement amounting to RM18.99 million. In addition, there was a bank borrowing drawdown of RM8.18 million for the working capital requirement.

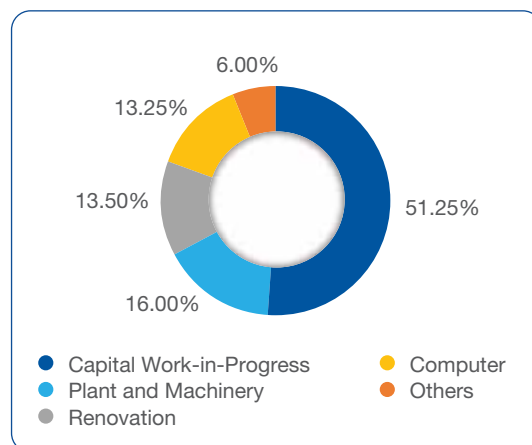
CAPITAL STRUCTURE, RESERVES, AND EXPENDITURE

As at 30 September 2023, the Company's share capital amounted to RM170.63 million, comprising 384,022,468 ordinary shares with an NA per share of RM0.53. The Group finances the operations with cash generated from operations, credit extended by trade payables, bank borrowings, and existing cash reserves.

In FPE 2023, the Group incurred capital expenditure of RM1.01 million. Details of our Group's capital expenditure are as follows: -

Capital Expenditure	Amount (RM)
Capital Work-in-Progress	518,826
Plant and Machinery	162,010
Renovation	136,627
Computer Equipment	134,107
Others	60,758
Total	1,012,328

Our overall capital expenditure has been primarily allocated for purchasing new machinery, which was at the installation stage as at 30 September 2023 and enhancing existing plant and machinery for operational efficiency and better business performance. We do not have a capital commitment as at 30 September 2023.



MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

ANTICIPATED OR KNOWN RISK

We wish to highlight the following key anticipated or known risks that our Group exposes, which may have a material impact on our operations and financial performance. Our mitigation plans are disclosed as below: -

(i) Foreign Currency Exchange Risk

Fluctuations in foreign currency, particularly USD, directly impact our financial performance. The USD transactions mainly arise from importing raw materials and exporting our products to many countries worldwide. In this regard, we attempt to manage a healthy balance between our revenue and expenses denominated in the same foreign currency to create a natural hedge.

As part of our working capital management, we keep cash and cash equivalents denominated in foreign currencies to support our daily operations. In addition, our Group's finance department also closely monitors the exchange rate movement and takes proactive steps to lock in the rate with forward contracts whenever the exchange rate reaches our predetermined target levels.

(ii) Availability and Fluctuation in Raw Material Prices and Sea Freight Costs

In FPE 2023, the Group continued to be impacted by increased raw material prices, particularly the fiber material and sea freight costs. These upward movements could narrow our manufacturing segment's profitability should we be unable to pass on the increased costs to our customers.

To this end, the Group has maintained a diligent approach to constantly reviewing and monitoring our production plans and inventory levels to ensure sufficient raw materials at competitive, reasonable prices. Furthermore, we always maintain a good business relationship with our suppliers to ensure a smooth and efficient supply chain with favourable pricing.

(iii) Operational Risk

Our involvement in manufacturing, engineering services, and telecommunication network segments undeniably exposes our people to safety and health risks throughout engineering activities and installing telecommunication network infrastructure on site. In this aspect, we have put safety measures and procedures in place to ensure our people work in a safe and protected working environment. Some key safety measures at the workplace include: -

- Onboarding briefing to new employees and refresher training sessions for existing employees to enhance their safety awareness;
- Periodical checks on electrical wiring and fire-fighting equipment and system;
- Avoid overloading of circuits with office equipment;
- Enforcement of smoking at designated areas only; and
- Regularly check on the arrangement of materials in the warehouse and the production area.

MANAGEMENT DISCUSSION & ANALYSIS

Cont'd

FUTURE PROSPECT AND OUTLOOK

Moving into a new financial year, we anticipate the business climate will continue to be suppressed by inflations, interest rate hikes, geopolitical conflicts, and the risk of recession in major global economies. Nevertheless, we remain optimistic about the Group's outlook, mirroring the national prospect, in anticipation of various opportunities from the Malaysian Government's initiatives, such as the deployment of the 5G network and JENDELA under the Malaysia Digital Economy Blueprint (2021-2030). These initiatives aim to transform Malaysia into a digital-enabled and technology-driven nation with digital infrastructure and connectivity.

It is also worth mentioning that Malaysia's 5G network rollout has achieved at least 57% coverage of populated areas nationwide. The continuous improvement and increasing coverage of the 5G network in Malaysia would be a strategic platform for the Group to expand its business and offer more innovative solutions to meet this demand.

Building on the preceding ational development, we view the acquisition of TJE as timely. We believe that the synergies of TJE's engineering expertise and HCB's fibre cable manufacturing capabilities will allow HCB to solidify its value proposition in various projects under the nation's digital transformation program.

In FPE 2023, HCB has initiated a few corporate exercises, which is the acquisitions of 24.78% equity interest in Binasat Communications Berhad ("**Binacom**") and 49.00% equity interest in Transgrid Ventures Sdn. Bhd. ("**Transgrid**") along with the diversification into the power generation and transmission business. The acquisitions were completed in January 2024. We are optimistic that the Group can leverage Binacom and Transgrid's established track record and expanded client network to strengthen our position further in future contracts/tenders. We believe that the investments in Binacom and Transgrid will have an accretive effect on the Group's earnings moving forward through collaborations for a more comprehensive suite of services in the industry. Specifically, the Group intends to further collaborate with Transgrid in the power generation and transmission business. We trust that these acquisition and diversification strategies will strategically diversify the Group's earnings base beyond the manufacturing and telecommunication network segments. Backed by the Group's healthy cash reserve, the Group is committed to staying resilient entering the new financial year while exploring further opportunities to strengthen and/or diversify our revenue stream through more strategic business acquisitions and joint ventures to enhance our shareholders' value.

DIVIDEND

The Company does not have any formal dividend policy. While we recognise the importance of rewarding our shareholders for their support, the decision to declare a cash dividend is subject to several factors, such as financial performance, capital expenditure requirements, general financial condition, and any other factors considered relevant by our Board.

Given the ongoing uncertainties and the need to conserve a strong cash flow for operations, our Board has not recommended any dividend payment for FPE 2023.

BOARD OF DIRECTORS



**DATO' MAZLIN
BIN MD JUNID**

*Chairman/Independent
Non-Executive Director*



**CHANG KIAN
SEONG, JOHNSON**

Managing Director



**ONG SOON
LIM**

*Non-Independent
Non-Executive Director*

BOARD OF DIRECTORS

Cont'd



**MAGNUS
KREUGER**

*Independent
Non-Executive Director*



**TEH LI
KING**

*Non-Independent
Non-Executive Director*



**ER KIAN HONG,
ELIZABETH (f)**

*Independent
Non-Executive Director*

BOARD OF DIRECTORS' PROFILE

DATO' MAZLIN BIN MD JUNID

Chairman/ Independent Non-Executive Director



Age : 61 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in FPE 2023:

11/11

Qualifications:

- Masters in Business Administration from Cranfield University, England
- Bachelor of Science Degree in Mechanical Engineering from the University of Brighton (formerly known as Brighton Polytechnic), Sussex, England

Membership of Board Committee:

- Audit Committee
- Nominating and Remuneration Committee

Skills, Experience and Expertise:

Dato' Mazlin started his career 1984 with Hicom Yamaha Manufacturing (M) Sdn. Bhd. as Assistant Manager of Operations to head the Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant & Regional Manager for the manufacturing sector. During his 4 years stint with PA Consulting Group, he was seconded to work in 13 different organisations in the area of performance improvement and profit turnaround.

In 1992, he left PA Consulting Group and joined the Sime Darby Group as Managing Director of 5 companies. He ascended to the group level of the Sime Darby Group in 1995 as Group Manager.

From 1995-1997, he was a business partner of ASPAC Executive Search Sdn. Bhd. ("ASPAC"), a recruitment agency in Malaysia with operations in the United Kingdom, Australia and other Asian countries through affiliate offices.

After he divested his equity stake in ASPAC, he acquired a majority interest in SECA Dyme Sdn. Bhd. ("SECA"), a speciality chemical trading company, supplying to downstream petrochemical industries.

In 2007, he was appointed as the Executive Vice Chairman, President & Group Chief Executive Officer of Daya Materials Berhad ("DMB") after DMB acquired SECA. He resigned from the Board of DMB in August 2014. He was also formerly an Independent Non-Executive Director of Sapura Industrial Berhad, Sapura Technology Berhad and Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs & Development in Reach Energy Berhad.

On 20 April 2015, Dato' Mazlin was appointed as a Non-Independent and Non-Executive Director of ENRA Group Berhad. He was redesignated as President & Group Chief Executive Officer, Non-Independent Executive Director of ENRA Group Berhad on 1 June 2015. He retired from ENRA Group Berhad in November 2021.

BOARD OF DIRECTORS' PROFILE

Cont'd

CHANG KIAN SEONG, JOHNSON

Managing Director



Age : 53 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

1 October 2022

Number of Board Meetings Attended in FPE 2023:

6/6

Qualifications:

- LLB (Honours) Bachelor of Laws from University of London
- Driving A Sales & Relationship Management Organisation from Duke University
- Corporate Education – Catalyst for Change from Duke University
- Developing Strategy for Value Creation from London Business School

Membership of Board Committee:

-

Skills, Experience and Expertise:

Chang Kian Seong, Johnson graduated with a Bachelor of Law (LLB) Degree from the University of London. He started his career in 1994 with HSBC Banking Group and took on several key regional management roles in Hong Kong, Indonesia, Thailand, United Arab Emirates, United Kingdom and Bangladesh while with the bank and has been managing businesses throughout the region including ASEAN, Hong Kong and Australia. Johnson brings with him more than 29 years of experience in banking and other industries with his last appointment in banking as the Group Chief Credit Officer for Hong Leong Bank Berhad.

From 2017 to 2021, he joined TS Law's group of companies as Group Chief Executive Officer with businesses in properties, steel materials and mining. In November 2021, he joined Smart Glove Holdings Berhad as Group Chief Executive Officer. He resigned from Smart Glove Holdings Berhad in September 2022.

ONG SOON LIM

Non-Independent Non-Executive Director



Age : 58 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

21 July 2021

Number of Board Meetings Attended in FPE 2023:

11/11

Qualifications:

- Diploma in Investment Analysis from The Research Institute of Investment Analysts Malaysia (RIIAM)

Membership of Board Committee:

Tender Committee

Skills, Experience and Expertise:

Ong Soon Lim started his career as the factory operations management in 1986 with Hextar Chemicals Sdn. Bhd., where his last appointment was Factory Manager. He then moved on to the logistics industry where he spent 13 years managing 3rd party warehouses and providing supply chain services. He is responsible for the overall development of the group of companies and overseas the administration and operations of the group of companies.

He also sits on the board of Hextar Technologies Solutions Berhad Group and he was appointed as the Group Managing Director of Binatat Communications Berhad with effect from 26 January 2024.

BOARD OF DIRECTORS' PROFILE

Cont'd

MAGNUS KREUGER

Independent Non-Executive Director



Age : 68 years old



Gender : Male



Nationality : Swedish National

Date Appointed to the Board:

19 October 2018

Number of Board Meetings Attended in FPE 2023:

11/11

Qualifications:

- Master of Business Administration in International Business Management from Uppsala University, Sweden
- Degree of Systems Design and Analysis in Data Processing and System Analysis from New York University, USA
- Bachelor of Science in Economics from Uppsala University, Sweden

Membership of Board Committee:

- Nominating & Remuneration Committee (Chairman)
- Audit Committee
- Tender Committee

Skills, Experience and Expertise:

Magnus Kreuger has over 30 years of financial, management and leadership experience in the global telecommunication industry.

Prior to his retirement, he was the President of Cable & Interconnect Business of Ericsson AB.

TEH LI KING

Non-Independent Non-Executive Director



Age : 45 years old



Gender : Male



Nationality : Malaysian

Date Appointed to the Board:

24 February 2021

Number of Board Meetings Attended in FPE 2023:

11/11

Qualifications:

- Master of Business Administration from Charles Sturt University, Australia
- Bachelor of Science in Business from New Hampshire College, USA
- Pre-Contract Examination for Insurance Agent Certification from The Malaysia Insurance Institute, Malaysia

Membership of Board Committee:

-

Skills, Experience and Expertise:

Teh Li King joined Hong Leong Bank as the Account Relationship Executive in 2000, managing and developing portfolio of business banking clients before joining the metal industry in 2003 dealing with both ferrous and non-ferrous materials. He subsequently moved on to the chemicals manufacturing industry and is currently the Group Chief Operating Officer of Hextar Group of Companies. His experience covers the area of management, banking and manufacturing. He resigned from SWS Capital Berhad in August 2023.

He was appointed as Non-Independent and Non-Executive Director of Binast Communications Berhad with effect from 26 January 2024.

BOARD OF DIRECTORS' PROFILE

Cont'd

ER KIAN HONG, ELIZABETH (f) Independent Non-Executive Director



Age : 46 years old



Gender : Female



Nationality : Malaysian

Date Appointed to the Board:

22 September 2022

Number of Board Meetings Attended in FPE 2023:

6/6

Qualifications:

- Bachelor Degree in Accounting and Finance from University of Technology, Sydney
- Certified Practising Accountant registered with CPA Australia

Membership of Board Committee:

- Audit Committee (Chairperson)
- Nominating & Remuneration Committee
- Tender Committee

Skills, Experience and Expertise:

Er Kian Hong, Elizabeth (f) began her career in the Audit and Assurance division in Deloitte Malaysia, involved in statutory financial audits for public listed and private companies. Currently, she is the Associate Director in a boutique corporate advisory firm involved in provision of advisory services to clients who are undertaking corporate exercises.

She has vast experience in providing advisory services and assistance to companies undertaking corporate exercises such as initial public offerings (IPO), fund raising and restructuring.

Elizabeth served in the Corporate Finance department of M&A Securities Sdn. Bhd. from May 2014 to December 2021. Prior to that, she was in the Corporate Finance/Strategy department of KSK Group Berhad from February 2007 to March 2014 involved in the assessment and implementation of possible mergers and acquisition opportunities for KSK Group Berhad.

She also sits on the board of Aldrich Resources Berhad, Ajiya Berhad. K. Seng Seng Corporation Berhad and SSF Home Group Berhad.

Notes:

- 1) All Directors, except for Ong Soon Lim, do not have any family relationship with any Director and/or major shareholder of the Company. Y. Bhg. Dato' Ong Choo Meng, the substantial shareholder of HCB, is the nephew of Ong Soon Lim.
- 2) All Directors have no conflict of interest with the Company and have not been convicted for any offences within the past five (5) years.
- 3) All Directors have no public sanctions and/or penalties imposed by any relevant regulatory bodies during the FPE 2023.
- 4) All Directors, except for Ong Soon Lim, Teh Li King and Er Kian Hong, Elizabeth (f), do not have any directorship in other public companies and listed issuers.

SENIOR MANAGEMENT'S PROFILE

DATO' NGU SING HIENG, THOMAS

*Chief Executive Officer,
T & J Engineering Sdn. Bhd.*

Dato' Ngu Sing Hieng, Thomas, aged 59, Male Malaysian, joined HCB in March 2023 and he possesses more than 30 years of experience in the telecommunications industry. Dato' Thomas Ngu earned a Bachelor of Engineering in Electrical Engineering from the University of New South Wales, Australia in 1987.

Upon graduation, he commenced his career in 1988 at Skypage Communications, Australia as a Programmer and Unix System Administrator where he was responsible for installation, configuration and maintenance of the company's UNIX servers and systems. In 1989, he left

Skypage Communications to join Answer Services (NZ) Ltd, New Zealand as a System Engineer, where he was tasked with developing and maintaining the company's radio paging network. In 1995, he left Answer Services (NZ) Ltd and returned to Malaysia to join Hager Elektronik Sdn. Bhd. as General Manager, where he was responsible for overseeing the company's operations, finances and business expansion activities. In 2000, he left Hager Elektronik Sdn. Bhd. and was appointed as a director of Tennas Komunikasi Indah Sdn. Bhd. where he was responsible for overseeing the business operations of the company. He ceased to be a director in Tennas Komunikasi Indah Sdn. Bhd. in 2004. In 2001, he co-founded Instacom Engineering Sdn. Bhd. with Dato' Wong Say Khim and was concurrently appointed as director, where he oversaw construction projects of over 1,000 base stations for various telecommunications service providers.

Pursuant to a reverse takeover exercise by Instacom Engineering Sdn. Bhd. of ACE Market listed I-Power Berhad (now known as Vinvest Capital Holdings Berhad) in 2012, he was appointed as an Executive Director of the company. He resigned on 4 February 2015 and divested his shares in the same year.

In 2015, he co-founded T & J Engineering Sdn. Bhd. with Dato' Wong Say Khim and was concurrently appointed as a director, a position he continues to hold until to-date. He has been involved in planning, managing and overseeing the implementation of various telecommunications infrastructure projects in Johor and Sarawak.

Dr. Chan Ai Joo, Cindy, aged 46, Female Malaysian, joined the Group in February 2020. Dr. Chan earned a Degree of Bachelor of Accounting from Universiti Malaya, Malaysia, a Commonwealth Executive Master of Business Administration from Wawasan Open University, Malaysia, and a Doctor of Philosophy from Swinburne University of Technology, Sarawak Campus, Malaysia. As an accountant by training, she is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a member of The Malaysian Institute of Certified Public Accountants (MICPA). She has over twenty (20) years of working experience in accounting, finance, and taxation in various corporations in Malaysia. She is responsible for the overall HCB Group's finance function.

DR. CHAN AI JOO, CINDY (f)

*Group Financial Controller,
HCB Group
(Resigned w.e.f. 26 January 2024)*

CHAN SEE WAH, SYLVIA (f)

*Group Financial Controller,
HCB Group
(Appointed w.e.f. 26 January 2024)*

Chan See Wah, Sylvia, aged 33, Female Malaysian, a member of Malaysian Institute of Accountants (MIA) and Association of Chartered Certified Accountants (ACCA).

In 2015, she began her career as an audit associate in a reputable well-established audit firm. She was subsequently promoted to the position of assistant manager, overseeing audit assignments for a diverse clientele. In 2019, she joined Hextar Industries Berhad as the finance manager and later advancing to the position of Senior Finance Manager. In this role, she assumed the responsibility for financial reporting, taxation, treasury management, risk management and internal control functions. In 2024, she accepted the offer from HCB, stepping into the role of Group Financial Controller.

Currently, she also sits on the board of Managepay Systems Berhad.

SENIOR MANAGEMENT'S PROFILE

Cont'd

YUSREE PUTRA BIN ALIAS

*Chief Executive Officer,
Opcom Engineering Services Sdn. Bhd.
Chief Operating Officer,
Opcom Cables Sdn. Bhd.*

Yusree Putra Bin Alias, aged 52, Male Malaysian, joined the Group in April 1997. He earned a Diploma in Electrical Engineering (Electronics) from Universiti Teknologi MARA (UiTM) in 1993. He started his career in Marconi (M) Sdn. Bhd. as an engineer prior to joining the Group as a Project Manager. Since 2000, he has been responsible for sales and marketing of the Group's fibre optic cable products. He was appointed as Vice President in 2010 and subsequently as Chief Operating Officer of Opcom Cables Sdn. Bhd. in February 2016. He was appointed as the Chief Executive Officer of Opcom Engineering Services Sdn. Bhd. in October 2017.

Rohiza Binti Husain, aged 53, Female Malaysian, joined the Group in February 2011. She earned a Bachelor in Electrical Engineering from Gunma University, Japan in 1993. She has over twenty (20) years' experience in engineering where she was involved in machine maintenance, design/installation and commissioning of new machines and equipment. She was the plant manager of Opcom Cables Sdn. Bhd., responsible for the entire plant management including manufacturing and engineering prior to assuming the current responsibilities for the day-to-day operational and manufacturing activities at Unigel Compounds Sdn. Bhd.

ROHIZA BINTI HUSAIN (f)

*Plant Manager,
Unigel Compounds Sdn. Bhd.*

HAJI A. MALEK BIN OTHMAN

*General Manager, Operations,
Safety & Health,
Opcom Engineering Services
Sdn. Bhd.*

Haji A. Malek Bin Othman, aged 49, Male Malaysian, joined HCB in July 2016. He graduated with a Bachelor of Engineering from the University of Technology Malaysia (UTM) in 1995. He earned an Executive Master in Management from Asia E University (AEU) in 2014 and subsequently, a Certified Safety and Health Officer from the Department of Occupational Safety and Health (DOSH) in 2015. He acquired extensive experience in the manufacturing, automotive industries, and telecommunication industries. He is responsible for the quality management system, manufacturing operation, project rollout, and safety and health.

Nik Amirah Binti Nik Mohamed Salleh, aged 37, Female Malaysian, joined HCB in March 2013. She earned a Degree of Bachelor of Physics from the University Putra Malaysia (UPM). She started her career at Panasonic Malaysia, handling the global sales market. She has over nine (9) years of experience in the telecommunication industry where she was involved in sales and marketing, business development and project rollout.

NIK AMIRAH BINTI NIK MOHAMED SALLEH (f)

*Project Fulfillment
Management Manager,
Opcom Engineering Services
Sdn. Bhd.*

Notes:

- 1) All senior management, except Chan See Wah, Sylvia (f), do not have any directorship in other public companies and listed issuers.
- 2) All senior management does not have any family relationship with any Director and/or major shareholder of the Company.
- 3) All senior management have no conflict of interest or potential conflict of interest with the Company or its subsidiaries and have not been convicted for any offences (other than traffic offences) within the past five (5) years.
- 4) All senior management has no public sanctions and/or penalties imposed by any relevant regulatory bodies during the FPE 2023.

SUSTAINABILITY STATEMENT

OUR APPROACH

At HCB, we believe that sustainability permeates everything we do - and it is a core value of our organisation. We believe that sustainability like long-term shareholder value enhancement must encompass all stakeholders - and such inclusivity in a caring and safe environment is pivotal for our organisation to achieve business growth and profitability over the long term.

In embracing Bursa Securities's Sustainability Reporting Guide, the Company's holistic approach to sustainable practices provides a bedrock to include social, macroeconomic, business, and environmental risks, as well as opportunities that are congruent with our corporate social responsibility values and governance framework. Such an approach allows us to set in motion a forward-looking continuous improvement mindset throughout our organisation.

Operating in a business environment that is technologically driven and export-oriented, our Sustainability Statement is a beacon that highlights the importance of business continuity which our portfolio of businesses demands from our organisation and its people. The Sustainability Statement helps us calibrate ourselves, provide a 360-degree analytical view of the various dimensions that our businesses operate, and prioritise our sustainability initiatives in a manner that provides the most impact to all our stakeholders.

SUSTAINABILITY GOVERNANCE

The Company's Board is the custodian of sustainability governance at HCB. Our corporate governance structure embraces and embeds sustainability in all key aspects of our business engagement including:

- Review and identification of materiality risks and opportunities that affect our sustainability governance
- Sustainability risks and opportunities are dynamic and evolving, and their relevancy to our organisation over time must be identified and managed appropriately
- Coalesce and engage stakeholders in an open and dynamic approach

Our Board believes that sustainability management should be part of our corporate culture and as we weave sustainability into our daily operational activities, everyone in the organisation shall have the opportunity to make a sustained and meaningful contribution.

MATERIAL SUSTAINABILITY MATTERS

Stakeholders

HCB releases timely and quality information on its financial performance and position via the Bursa Quarterly Announcement. We hold an AGM which serves as a platform of communication on business operations and outlook, financial performance, and position with the shareholders.

Our corporate website at www.hextarcapital.com also provides information to stakeholders, i.e. corporate information, products, financial information, news updates/circulars, and any other pertinent information that are updated when available.

Being a responsible organisation, we practice strict compliance with all relevant laws and regulations to our business operations. HCB is committed to adhering to all laws and regulations to minimise any monetary fine and nonmonetary sanction by any authority.

Our organisation constantly develops/reviews internal controls with the assistance of assurance service providers to ensure effective control is in place in this fast-paced and changing technology era.

SUSTAINABILITY STATEMENT

Cont'd

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment

HCB has always committed to complying with the legal and regulatory requirements of the Malaysian Department of Environment ("DOE") and other regulators and authorities. Emphasising the importance of environmental preservation, we have been applying 3R - Reuse, Reduce, and Recycle in our daily operations.

One of our subsidiaries - Opcom Cables Sdn. Bhd. is certified with ISO 14001:2015 Environmental Management System by SIRIM Malaysia.

- **Energy Savings**

Air-conditioning and lights are switched off after office hours. Our working desktops and notebooks are configured to power-saving mode.

We promote energy-saving activities and set key criteria for equipment selection in our plants.

- **Waste Management**

We also practice 3R on waste management. We have wastes from our Gel production plant such as oil residue, small quantities of off-specification gel and unwanted pallets, steel straps, etc.

We reduce oil residue in packaging by investing in a squeeze system that can push out most of the oil residue in packaging.

Plastic pallets are reused for the delivery of goods. Unwanted items are sold as scraps to recyclers. We practice Intermediate Bulk Container ("IBC") returns with selected customers to reuse IBC for the next delivery of goods.

All employees are putting efforts to reduce printing and photocopying, by using double-sided printing and using recycled papers where possible.

- **Resources Planning**

The Group practices headcount rightsizing and shared supportive functions, namely Finance & Accounts, Management Information Systems ("MIS") and Information Technology, Procurement, and Safety & Security to promote effective human resources planning.

Customer

We perform annual customer satisfaction surveys to evaluate our customers' feedback. The feedback is discussed in the yearly Management Review meeting for the countermeasures and continuous improvements.

- **Customer Satisfaction**

We practice continuous process improvement and strengthen internal process inspection to reduce customer complaints. We had ZERO substantiated customer complaints about our Cable products.

- **Research & Development Support**

Our full test gear lab equipment enables us to perform the complete Final Acceptance Test ("FAT") and Test and Inspection ("TNI") with customers at our lab and produce quality products.

Our business operations are strongly focused on technology and innovation to ensure business continuity. Our Group invests significantly to remain relevant through the development of new products as well as improving processes and procedures. We are equipped with state-of-the-art testing facilities to fulfill our customers' expectations.

Two (2) of our subsidiaries, namely, Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd. are ISO 9001:2015 Quality Management System certified.

SUSTAINABILITY STATEMENT

Cont'd

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Customer (Cont'd)

- **Participation in Trade Exhibition**

In our Gel business, we participated in exhibitions in many countries to reach out to our customers and as a measure to move forward in the industries. In the past, we participated in Wire Southeast Asia, Wire Dusseldorf, Wire and Tube China, Wire and Tube India, and PTI Convention. Nonetheless, we have deferred a few targeted exhibitions following the unprecedented COVID-19 pandemic and will resume our participation in the exhibitions upon the easing of the pandemic.

- **Project Management**

Our engineering team's main business activities are in project implementation and trading of project materials. Perfection of project documentation from the beginning up to the billing collection was the major part of the total project quality measured. We have a dedicated team to work closely with relevant authority bodies in the region together with our customers in meeting their satisfaction and expectation.

Their focus was mainly to ensure project engineering is in order, documented, and measured.

People Retention

HCB emphasises the following areas, which are the primary considerations of an employee for long-term loyalty:

- **Workplace Safety and Health Quality**

We strive to ensure a workplace that puts the safety and health of our employees first. The Group focuses on reducing hazards to minimise accidents, recognising that safety and health awareness is essential for our employees, as well as adhering to occupational health, safety, and environmental regulations.

HCB establishes the Safety, Health, and Environmental Committee headed by a chairman appointed from the business units, with members comprising key departmental management from the business units and employee representatives, to develop and implement the safety and health policies at the workplace. The Committee meets quarterly and is supported by sub-safety, health, and environmental committees at the business unit level.

Safety and Health training is conducted regularly for employees at HCB, especially those working on the production floors. HCB introduced the Safety Campaign promoting the theme of "Safety Starts with You" from 23 September 2022 to 6 October 2022. The week-long campaign observed collaborations with local authorities such as Jabatan Keselamatan and Kesihatan Malaysia and Jabatan Pengangkutan Jalan for talks to increase awareness of safety issues and prevention among our employees.

- **Human Rights**

As a company with a diverse workforce that has various skills and capabilities, HCB recognises the responsibility of treating employees fairly. HCB strives to foster a work environment that is respectful, engaging, and collaborative. To this end, our focus areas are on employees' rights and supporting employee well-being. Our due respect towards labour and human rights of all employees with clearly defined human resources policies.

On December 2021, Selangor witnessed several locations inundated following the continuous downpour. The Group has contributed monetary aid supporting flood victim employees to repair damaged houses and household items.

The Group organised the Sexual Harassment Awareness Training from 12 September 2023 to 13 September 2023 for our existing employees, to continue upholding our spirit in promoting a conducive environment for multi-racial and diverse cultural backgrounds employees.

SUSTAINABILITY STATEMENT

Cont'd

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

People Retention (Cont'd)

- **Learning & Development**

HCB recognises that continuous learning is crucial to the performance and career development of employees. Learning opportunities are provided to employees to hone their competencies with the necessary skills and knowledge. Our learning and development programmes are primarily centred on the core, technical, leadership, and lifelong learning competencies.

We regularly nominate employees for suitable internal/external training, workshop, and motivational talk as we believe education fosters continuous improvements. Training Needs Analysis (“**TNA**”) is conducted every half-yearly along with appraisal sessions to ensure the relevance of the programs and suits the individual requirement.

On 7-8 December 2022, 15 young managers from the Group participated in the Leadership Fundamental Workshop organised by an approved training centre to sharpen their strategic leadership skills.

Following the adoption of the Anti-Bribery and Corruption policy in compliance with the Malaysian Anti-Corruption Commission (“**MACC**”) Act 2009, HCB organises the briefing session to ensure that current and new employees are aware of the Anti-Bribery and Corruption policy and adhere to it. On 18 April 2023, HCB conducted a virtual briefing to the directors and employees of T&J Engineering Sdn. Bhd., a subsidiary of HCB, effective from 7 March 2023.

- **Rewards**

We conduct staff performance appraisals biannually. We practice incentive schemes for production staff based on Key Performance Indicator (“**KPI**”) achievement. The Company also recognises long service awards annually with monetary rewards.

We ensure the remuneration package is in line with the market practice and includes all the staff welfare and benefits prescribed by the local authorities and applicable labour laws and regulations. HCB adheres to Malaysia’s labour regulations on statutory monthly minimum wages and overtime compensation for relevant employees. We also ensure that our employees’ working hours do not exceed the maximum hours stipulated by the local law.

Following the Minimum Wages Order 2022, HCB ensures that eligible employees are paid RM1,500 minimum wage with effect from 1 May 2022.

- **Employee Communication**

A weekly department meeting is hosted to discuss the operational issue, alongside a monthly management meeting to review and follow up on each department’s achievement.

A yearly town hall meeting is organised for the Management to communicate with staff from all levels.

SUSTAINABILITY STATEMENT

Cont'd

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Community

We support our local communities in educational, welfare, charity, and social development.

- **Internship Program**

The Group provided internship programs to undergraduate students from various local colleges and universities, including but not limited to Sunway University, Universiti Kebangsaan Malaysia, Universiti Utara Malaysia, Universiti Teknologi MARA, Politeknik Muadzam Shah, etc. Undergraduate students are provided on-the-job training while obtaining working experience and are provided an opportunity to gain industry knowledge, develop technical and personal skills as well as hone personal interests and abilities.

- **Social Events**

We have been hosting the annual Hari Raya gathering for staff, customers, suppliers, etc to foster relationships. Following the easing of the national COVID-19 pandemic social distancing restrictions, we hosted a Hari Raya gathering in 2022 and 2023. On 7 June 2023, HCB organised a Group Gathering attended by all employees from the Group and invited business associates.

We also collaborate with our neighbouring companies for community events such as fire drill practices and blood donation drives. On 30 September 2022, HCB partnered with KLK Bioenergy Sdn. Bhd. and Hospital Tuanku Ampuan Rahimah to conduct a Blood Donation Program to support the National Blood Bank. Since then, HCB successfully partnered with the University Malaya Medical Centre for another Blood Donation Program on 12 October 2023.

The Group continuously advocates collaborations to leverage the large family network of the Hextar community. Knowing that collaborations are more than just teamwork at workplaces, the Group organised social activities to promote camaraderie within a larger community. On 13 December 2023, the Group hosted a friendly badminton match with the related parties group of companies and sponsored a refreshment session for the event.

- **Responsible Engineering Team**

Our ground engineering team has strict compliance with all relevant laws and regulations as a requisite to promote an ethical and responsible society.

Their commitment to proper compliance with laws and regulations has proven to be favourable and value-enhancing for our shareholders and stakeholders, as we minimise the exposure to lawsuits.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of HCB Group recognises the importance of good corporate governance and fully supports the principles and best practices as stipulated in the MCCG to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate HCB Group's corporate governance practices and procedures and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below are an overview statement and description in general on how HCB Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the FPE 2023 pursuant to Rule 15.25 of AMLR of Bursa Securities. The Board has also provided specific disclosures on the application of the practices in its CG Report which could be obtained from the Company's website at www.hextarcapital.com. Shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is tasked with the duty of ensuring that the Group and its various businesses operate in accordance with relevant laws, regulations, ethical standards, and good practices while maintaining appropriate governance and standards.

The Board is led by an Independent Non-Executive Chairman who is responsible for ensuring the efficient of its functions. The Chairman is primarily responsible for leading the Board in establishing the values and standards of the Company, oversees the orderly and effective conduct of both Board and shareholders meetings, fosters and maintain a relationship of trust among the Executive and Non-Executive Directors, ensuring the timely provision of precise information to all Directors, facilitates the effective contribution of Non-Executive Directors and upholds constructive relations between Executive and Non-Executive Directors.

The responsibilities of the Managing Director encompass overseeing the implementation of Board policies and strategies, and making operational decisions, serving as the conduit between the Board and the management to ensure the success of the Company's governance and management functions, maintaining effective communication with shareholders and relevant stakeholders, providing robust leadership, i.e., effectively communicating the vision, management philosophy and business strategy to employees, and keeping the Board well-informed of salient aspects and issues concerning the Group's operations.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties to shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to assess strategic, performance and resources related matters brought before the Board. The Executive Directors are supported by a core team of senior management who manage HCB Group's daily business activities. The management leadership team executes and implements the policies and strategies that approved by the Board in compliance with the corporate governance, risk management and internal control framework of HCB Group.

The Board has delegated specific responsibilities to several Board Committees namely, the AC, NRC and TC to oversee, manage and review specific aspects of the Company's business operations and corporate matters. Each Committee operate within its respective approved terms of reference and authority delegated by the Board. The Chairmen of the respective Board Committees will report to the Board on the proceedings of each Board Committee meeting and the proceedings will be minuted accordingly. The Board retains full responsibility for the final decision on all matters.

HCB Group has a well-structured and process-oriented communications framework ensuring all Board and its Committees are well-informed of HCB Group's business activities continuously. Business workgroup activities are reported and assessed against the agreed KPIs of HCB Group's annual business plan on a monthly basis. HCB Group's financial and operational performance are quarterly reviewed by the relevant committees of the Board, or as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

BOARD RESPONSIBILITIES (CONT'D)

Board Meetings & Procedures

The Board meets at least once every quarter on a scheduled basis and additional meetings will be convened as and when deemed necessary by the Board. The quarterly Board meetings are scheduled in advance at the beginning of the financial period, enabling Directors to plan their schedules ahead and to facilitate full attendance at Board meetings. The Company Secretary meticulously records all proceedings, deliberations, and conclusions during Board meetings. These minutes are then confirmed by Board members in the subsequent meeting and subsequently endorsed by the Chairman as an accurate record of the proceedings or by the Chairman of the meeting in which the proceedings occurred.

FPE 2023, the Board conducted 11 meetings. The Directors' attendance at these meetings can be found in the Profile of the Board of Directors set out in this Annual Report. All the existing Directors as at the date of this Statement have complied to the stipulated minimum requirement of 50% attendance according to the AMLR of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board obtains approvals through written resolutions circulated among its members. The resolutions passed in this manner are subsequently noted by the Board during the following quarterly Board meeting.

Board Charter

The functions of the Board are governed and regulated by its Charter, the Constitution of the Company, relevant legislation, Listing Requirements and other regulations and codes. The Board Charter clearly outlines the roles and responsibilities of the Board, Board Committees, Directors and management and matters reserved for the Board. The Board Charter is reviewed and updated periodically when necessary. The Board's spectrum of skills and experience enhances leadership, thus ensuring HCB Group is under the guidance of an accountable and competent Board.

Company Secretaries

Presently, the Board is supported by two (2) qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Company Secretaries play a crucial role in ensuring the adherence to Board procedures during meetings and provide guidance to the Board on various matters, including corporate governance issues and Directors' responsibilities in compliance with relevant legislation and regulations. Close collaboration with management allows the Company Secretaries to obtain timely and pertinent information, which is then communicated to the Directors. In accordance with the Board's procedures, all deliberations and conclusions of Board meetings are minuted by the Company Secretaries, ensuring accurate and proper records of the proceedings of Board meetings and resolutions are kept in the statutory register at the registered office of the Company. All Directors have unrestricted access to the advice and services of the company secretaries.

The appointment and removal of the Company Secretaries for both Board and Board Committees shall be the prerogative of the Board as a whole.

Code of Conduct

The Directors observe and adhere to the Code of Conduct for Company Directors which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

The Code of Conduct provides Directors with guidance on ethical and behavioral considerations and/or actions as during the fulfillment of their duties and obligations. To ensure that the Board maintains direction and control over the Company, a formal set of Matters Reserved for the Board has been implemented to provide guidance in decision-making processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

BOARD RESPONSIBILITIES (CONT'D)

Whistle-blowing Policy and Procedures

A Whistle-blowing Policy and Procedures has been established to ensure transparency in overseeing the whistleblowing process, offering protection and maintaining confidentiality for whistle-blowers. The policy sets out a protocol for employees and stakeholders to report legitimate concerns related to improprieties, malpractices, and misconduct within the Group, facilitating remedial actions.

ABC Policy

A formal ABC Policy was adopted on 28 May 2020. The ABC Policy serves as a directive outlining procedures to prevent, address, and counteract bribery and corrupt practices that may arise in the course of business. The ABC Policy is applicable to all individuals associated with the Group, including employees, Directors (both Executive and Non-Executive), and any person who provide services for and on behalf of the Group. This encompasses contractors, subcontractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

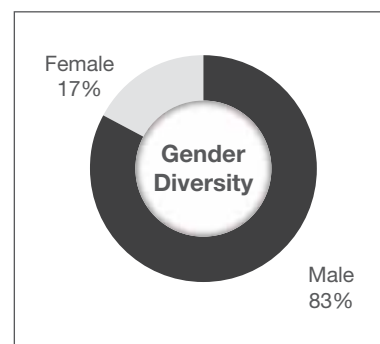
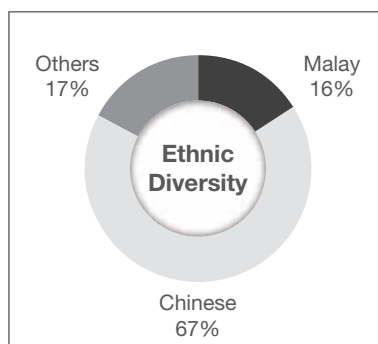
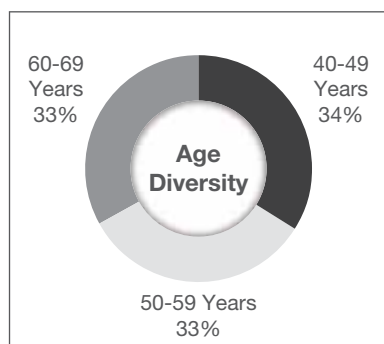
A copy of the Board Charter, Code of Conduct, Whistle-blowing Policy and Procedures, ABC Policy, and the Matters Reserved for the Board are available on the Company's website, www.hextarcapital.com.

BOARD COMPOSITION

Composition and Balance of the Board

The Board comprises six (6) members, including one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. Thus, this complies with Rule 15.02 of the AMLR of Bursa Securities which requires one-third (1/3) of the Board is made up of Independent Directors.

The current board composition is illustrated as below:-



Appointment and Re-Election to the Board

In adherence to Rule 15.01A of the AMLR of Bursa Securities, a formal DFPP for appointment and re-election of Directors was adopted on 26 May 2022. The DFPP serves the purpose of evaluating nominated and re-elected Directors based on the established fit and proper criteria set out therein. The DFPP has been designed as a practice guide for the appointment and re-election of Directors to assist the NRC in fulfilling their responsibilities and functions related to the nomination and re-election process of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

BOARD COMPOSITION (CONT'D)

Appointment and Re-Election to the Board (Cont'd)

The fitness and propriety of a Board candidate or Directors seeking re-election will be assessed in accordance with the following key criteria under the Guidelines:-

- (A) Probity, personal and financial integrity and reputation;
- (B) Experience, expertise and Competence; and
- (C) Time and commitment.

The DFPP is available on the Company's website at www.hextarcapital.com and is subject for review every three (3) years, or as and when necessary.

In accordance with the Company's Constitution, during each AGM, one-third (1/3) of the Directors are subject to retirement by rotation. This ensure that each Director shall retire from office once every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall be used. All Directors retiring from office are eligible for re-election.

The Notice of AGM, included in this Annual Report, discloses the names of Directors seeking re-election at the upcoming AGM. The details of the Directors can be found in the Profile of the Board of Directors set out in this Annual Report.

The Board continuously reviews its size and composition with consideration to its impact on the effectiveness of the Board. Any potential candidate for a Directorship undergoes a thorough review and recommendation by the Nominating and Remuneration Committee to the Board for full deliberation and approval.

Evaluation of the Board

The annual evaluation exercise of the Board as a whole, Board Committees and the individual Directors, consisting of the following, is carried out internally by the NRC and facilitated by the Company Secretary:-

- (a) Evaluation of the Board effectiveness;
- (b) Individual Directors' Self and Peer Performance;
- (c) Evaluation on AC;
- (d) Evaluation on NRC;
- (e) Evaluation by NRC on AC;
- (f) Evaluation relating to Environment, Social as well as Governance or Sustainability Matters; and
- (g) Independent Non-Executive Director Self Evaluation for the FPE 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

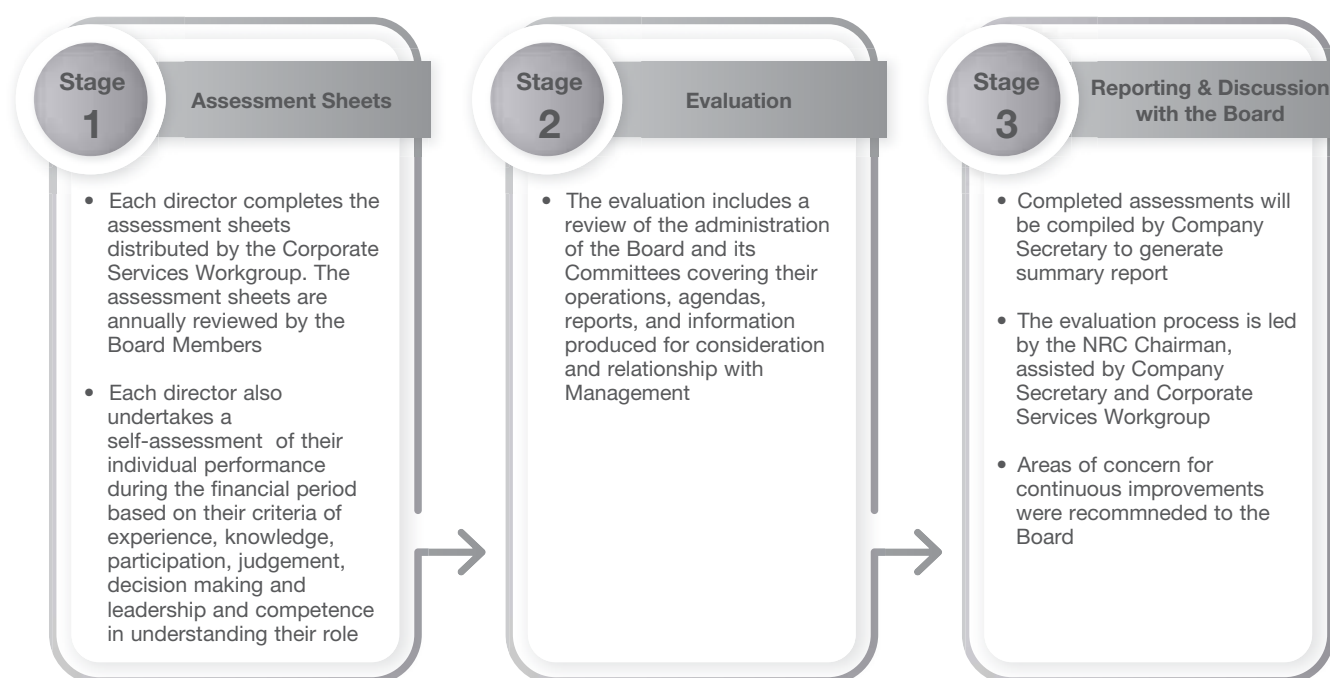
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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Evaluation of the Board (Cont'd)

The outcomes of the annual evaluation were summarised and presented to the NRC for recommendation before reporting the same to the Board for notation. Both NRC and the Board acknowledged the findings and results and would address them in an appropriate manner. The evaluation process is carried out in three stages as follows:-



Board Independence

The presence of the experienced Independent Non-Executive Directors have ensured proper check and balance within the Board, and provides unbiased and independent perspectives, advice and judgement, besides playing key supporting roles.

Criteria have been set to assess the independence of both potential candidate and existing Directors based on the guidelines set out in the AMLR of Bursa Securities. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The NRC had undertaken a review and assessment of the independence status of the Independent Directors serving on the Board. Based on the assessment, the Board expresses overall satisfaction with the demonstrated independence of the Independent Directors, i.e. they are perceived as independent from management and free from any business dealing or other relationship with HCB Group that could reasonably be perceived to interfere their ability to exercise their unfettered and independent judgement.

The Company adopts the best practices outlined in the MCCG which recommend the reconsideration of Independent Directors serving beyond a cumulative term of nine (9) years. However, the Board recognizes the valuable contributions of long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs. The length of their service on the Board does not compromise their capacity for independent judgement or commitment to act in the best interest of HCB Group. Should an Independent Director exceed nine (9) years, the Independent Director may continue to serve on the Board as a Non-Independent Director, subject to the Board's justification and annual shareholders' approval through a two-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

BOARD COMPOSITION (CONT'D)

Board Independence (Cont'd)

The Board is dedicated to enhancing the presence of women and individuals from diverse cultural and linguistically backgrounds. In addition, the Board supports broad diversity principles across the full range of diversified groups of people. HCB Group is committed to creating a supportive, flexible and fair work environment valuing differences among employees. The aim is to provide a workplace that is free from all forms of discrimination and harassment and all employees are given equal opportunities.

REMUNERATION

Nominating and Remuneration Committee

The NRC assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement, appointment and/or replacement of Directors. The remuneration function primarily focuses on ensuring the Directors and senior management are fairly and responsibly rewarded in recognition of high performance levels.

NRC is responsible for the annual review of the required mix of skills, experience and core competency that Non-Executive Directors should bring to the Board. NRC also assess the overall effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director including Independent Directors. Under the AMLR of Bursa Securities, the NRC annually reviews the term of office of the AC and evaluates the performance of the AC and each of its individual members.

Remuneration Policy

HCB's Remuneration Policy is designed to maintain a remuneration mix that is market competitive and equitable which is aligned with the Company's strategic thrusts and value drivers. It aims to attract and retain Directors of high caliber who are able to provide the necessary skills and experience commensurate with the responsibilities for the effective management of the Group as well as in line with the philosophy of value-based management. The Remuneration Policy is accessible for reference on the Company's website, www.hextarcapital.com.

The aggregate remuneration of the Directors (including benefits-in-kind) for the FPE 2023 is as follows:-

Directors	Company		Group	
	Directors' Fee (RM)	Allowances (RM)	Directors' Fee (RM)	Salary (RM)
Dato' Mazlin Bin MD Junid	36,000	54,000	-	-
Chang Kian Seong, Johnson (Appointed wef 1 October 2022)	24,000	9,000	-	736,605
Ong Soon Lim	36,000	16,500	27,000	374,727
Teh Li King	36,000	18,000	-	-
Magnus Kreuger	36,000	40,500	-	-
Er Kian Hong, Elizabeth (f) (Appointed wef 22 September 2022)	24,533	25,500	-	-
Lim Kim Lee (f) (Retired wef 22 September 2022)	11,467	19,000	-	-

The Board decided the remuneration of the Directors based on the recommendation put forth by the NRC. Non-Executive Directors receive fixed annual fees and allowances for attending Board and Board Committee meetings.

The Board has established a policy and procedure to facilitate the NRC to review, deliberate and recommend to the Board for a decision on the remuneration packages of the Executive Directors and senior management and the Board periodically reviews the recommendations as required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

BOARD COMPOSITION (CONT'D)

Remuneration of Senior Management

The total remuneration received by senior management of the Group encompassing salary, bonus, benefits in-kind and other emoluments categorized in bands of RM50,000.00 in respect of the FPE 2023, is tabulated below:-

RANGE OF REMUNERATION	NUMBER OF SENIOR MANagements
Below RM50,000	-
RM50,001 - RM100,000	1
RM100,001 – RM150,000	1
RM150,001 – RM200,000	-
RM200,001 – RM250,000	3
RM250,001 – RM300,000	-
RM300,001 – RM350,000	-
RM350,001 – RM400,000	1

Supply of and Access to Information and Advice

The Board has a formal schedule of matters exclusively reserved for its decision making. The Directors, whether collectively or individually have full and timely access to all information pertaining to HCB Group's business and affairs, to fulfill their duties effectively. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the meeting's agenda are circulated to all Directors. This allows sufficient time for Board members to obtain additional explanations or clarifications from senior management and/or the Company Secretaries, or to consult independent advisers as necessary before the meetings.

Senior management personnel are invited to attend Board meetings as needed to provide reports on their respective areas of responsibility, furnishing the Board with detailed explanations and clarifications on issues tabled and/or raised during the Board meetings. Additionally, external advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the senior management for information relating to the business and affairs of HCB Group.

Training

The Directors evaluated their individual training needs and participated in courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as Directors of the Company effectively. Additionally, the Directors kept themselves updated with the business and regulatory changes in official Board meetings and engaging in informal small group discussions among the Directors. Throughout the reviewed financial period, regular updates and/or briefings on regulatory and industry trends were conducted at Board and Committee meetings respectively.

The Board consistently promotes and advocates for its members to participate in suitable training and educational programs to enhance their capabilities in effectively carrying out their roles as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

FPE 2023, the Company has in place an AC which comprises three (3) Independent Non-Executive Directors. The AC is responsible to oversee the processes for the preparation and finalization of the financial data. The AC reviews the financial reports, related party transactions, situations of potential conflict of interests and evaluate the internal controls of HCB Group.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. This includes policies and procedures to review the suitability and independence of the External Auditor. During the reviewed financial period, the AC has received written assurance from the External Auditor confirming their independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management Committee holds monthly meetings and reports to the AC. This Committee regularly reviews all risks including financial, operation and market risks and ensures that risks and associated controls are regularly reviewed to align with current business conditions and maintain relevance. Steps are taken to eliminate outdated and irrelevant risks while identify new and vulnerable risks leading to the implementation of new controls. The management, adhering to robust corporate governance practices, place significant importance on ensuring that HCB Group is always vigilant against any situation that could potentially affect adversely to its assets, income and ultimately, its profits.

Tender Committee

The TC of the Board is responsible to review HCB Group's procurement activities and commitment to undertake major business ventures with third parties. For procurement activities, the TC examines the recommendation from the management team for expenditure or investment activities that require Board approvals.

The Committee also assess the business transactions that beyond a specific financial threshold set by the Board, including the nature of the transaction, risks associated and the risk-reward considerations of the proposed transaction.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound internal control system and the emphasizes the importance of regularly review its effectiveness in order to safeguard HCB Group's assets and therefore shareholders' investments in HCB Group. This system, by its nature, able to provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, HCB Group have outsourced its Internal Audit function to Wensen Consulting Asia (M) Sdn. Bhd., who reports directly to the AC, to ensure independent reviews be carried out on the adequacy and integrity of the HCB Group's internal controls system. The Board considers the system of internal controls instituted throughout the HCB Group to be sound and adequate. The total cost incurred for the Internal Audit activities of HCB Group for the financial period under review was RM65,000.00. The Statement on Risk Management and Internal Control furnished on pages 51 to 55 of the Annual Report provides an overview of the state of internal controls within the HCB Group.

Relationship with External Auditors

Through the AC, the Board has established and maintained a formal and transparent relationship with HCB Group's External and Internal Auditors. A summary of the AC's activities during the financial period can be found in the AC Report set out in this Annual Report.

The AC will conduct a private session with the External Auditors in the absence of all executives and management of HCB Group at least twice a year. There is open and unrestricted communication between the AC and External Auditors. The AC ensures reasonable assurance regarding the effectiveness of the internal control system through an annual independent assessment conducted by the External Auditors. Furthermore, External Auditors are invited to participate the Company's AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of HCB Group and the Company's financial performance and prospects. This is primarily achieved through the release of the quarterly financial results' announcements and annual financial statements to Bursa Securities as well as the circulation of the Annual Report to the shareholders. The AC supports the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy before releasing it to Bursa Securities.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are obligated by the CA 2016 to prepare the financial statements for each financial year which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of HCB Group and the Company. During the preparation of the financial statements, the Directors ensure that the applicable approved accounting standards in Malaysia, the provisions of the CA 2016 and the AMLR of Bursa Securities have been applied. In preparing the financial statements, the Directors have:-

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been adopted; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the HCB Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the HCB Group keeps accounting records that disclose with reasonably accurate representation of the financial position of both the HCB Group and the Company which enable them to ensure compliance with the CA 2016. Additionally, the Directors have overall responsibility for taking reasonable steps to safeguard the assets of HCB Group and to prevent and identify instances of fraud and other irregularities.

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

ENGAGEMENT WITH STAKEHOLDERS

The Group recognises and uphold principles of transparency and accountability towards its shareholders and investors. As such, HCB is committed to the timely and effective dissemination of information through appropriate channels to the shareholders and investors to ensure that they are properly informed about major developments of the HCB Group. Such information is communicated with them through various means, such as annual reports, press releases and periodic disclosures and announcements made to Bursa Securities, including quarterly and annual results. All relevant information and documents are readily available on Bursa Securities' website at www.bursamalaysia.com and/or the Company's website at www.hextarcapital.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

CONDUCT OF GENERAL MEETINGS

The 27th AGM was conducted in a virtual manner through live streaming from the conference room of HCB on 22 September 2022. The Board, including the Chairman, were physically present at the broadcast venue together with the Company Secretary, the Group Financial Controller and senior management of the Company. All resolutions set out in the Notice of AGM were by way of poll and all resolutions tabled were duly approved by the shareholders. The AGM provides an opportunity for shareholders to pose relevant questions to the fellow Board members.

In line with the MCCG, the notice of the 27th AGM was issued at least 28 days prior to the AGM date. The shareholders, corporate representatives and proxies attended the 27th AGM via remote participation and voting facilities provided by the vendor.

The scrutineers verified and announced the poll results for each resolution, encompassing votes in favour and against. Subsequently, the Chairman of the 27th AGM declared that all the resolutions set out in the Notice of AGM were carried. The poll results were also announced by the Company Secretary to Bursa Securities on the same day for the benefit of all shareholders. The minutes of the 27th AGM were also made available on HCB's website at www.hextarcapital.com.

COMPLIANCE WITH MCCG

The Board is supportive of all recommendations outlined in the MCCG and the Board is satisfied that the recommendations set out in the MCCG have been substantially implemented within HCB Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

KEY FOCUS AREAS AND FUTURE PRIORITIES

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure their alignment with the Company's current requirements. The Board will further look any additional enhancements or developments in corporate governance policies and procedures, as needed.

This statement is issued in accordance with a resolution of the Board dated 24 January 2024.

AUDIT COMMITTEE REPORT

The AC comprises three (3) Independent Non-Executive Directors during the FPE 2023 and no alternate director is appointed as a member of the AC. This meets the requirements of Rule 15.09 of AMLR of Bursa Securities and Practice 9.4 of the MCCG:-.

COMPOSITION

The AC comprised the following Independent Non-Executive Directors during the FPE 2023:-

Er Kian Hong, Elizabeth (f) (Chairperson)
(Independent Non-Executive Director)

Dato' Mazlin Bin MD Junid
(Independent Non-Executive Director)

Magnus Kreuger
(Independent Non-Executive Director)

The Chairperson is a Member of the Certified Practicing Accountants ("CPA"), Australia.

TERMS OF REFERENCE

The AC has discharged its functions and carried out its duties as set out in the TOR.

The TOR is available for reference on the Company's website at www.hextarcapital.com.

ATTENDANCE AT MEETINGS DURING FPE 2023

During the financial period, a total of ten (10) AC meetings were held and the details of attendance are as follows:-

Name	Number of Meetings Attended
Er Kian Hong, Elizabeth (f) (Appointed on 22 September 2022)	6/6
Magnus Kreuger	10/10
Dato' Mazlin Bin MD Junid	10/10
Lim Kim Lee (f) (Retired on 22 September 2022)	4/4

During the financial period under review, the members of the AC had two (2) separate dialogues with the representatives of the External Auditors of the Company without the presence of any Executive Directors and management personnel.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FPE 2023

During the financial period under review, the AC had carried out the following activities in discharging its functions and duties, which are in line with its responsibilities as set out in its TOR.

The summary activities carried out by the AC for the FPE 2023 is as follows:-

(a) Financial Reporting

- Reviewed and deliberated the unaudited quarterly results and audited financial statements of HCB Group, including related announcements, compliance with Malaysian Financial Reporting Standards and AMLR of Bursa Securities, with management, before recommendation to the Board for approval;
- Reviewed quarterly the Risk Management Committee Report before recommending it for the Board's approval;

AUDIT COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FPE 2023 (CONT'D)

(a) Financial Reporting (Cont'd)

- Reviewed quarterly the financial manual of HCB Group and made recommendation to the Board for approval;
- Reviewed the terms of reference of AC, evaluation and appointment of external auditors' policy & procedures and RPT policy & procedures and recommendation to the Board for adoption;
- Reviewed and discussed the changes in law and regulations and regulatory updates relating to HCB Group's businesses; and
- Considered the re-appointment of External Auditors and renewal of Internal Auditor engagement and recommendation to the Board for their re-appointment.

(b) External Audit

- Reviewed and validated the reason of resignation given by the former External Auditors with the Management;
- Evaluated new External Auditors by considering their qualification, credentials, suitability, and independence prior to official engagement;
- Reviewed the External Auditors' audit plans to ensure audit scopes are adequately covered;
- Reviewed the audit progress, results of the final audit, audit report and assistance or responses given by the management with the External Auditors;
- Reviewed with the External Auditors, their evaluation of the system of internal control and audit findings;
- Reviewed and undertook annual assessment of the suitability, objectivity and independence of External Auditors;
- Evaluated the performance and effectiveness of the External Auditor in the provision of statutory audit services and recommend to the Board for approval on their re-appointment and proposed annual audit fees; and
- Met with the External Auditors in the absence of all Executive Director and management personnel.

(c) Internal Audit

- Reviewed and assessed the adequacy of the annual scopes and functions of the internal audit plan for HCB Group;
- Reviewed and recommended to the Board the renewal audit engagement;
- Reviewed and recommended to the Board the proposed annual audit fees for the Internal Auditors; and
- Reviewed the internal audit reports, follow-up review reports and management's action plans with the management and Internal Auditors.

AUDIT COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING FPE 2023 (CONT'D)

(d) RRPT

- Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that HCB Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed.
- Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the CA 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT.
- Reviewed the Circulars to Shareholders in relation to proposed renewal and new of shareholders' mandate for RRPTs and recommended it to the Board for shareholders' approval.

(e) RPT

- Reviewed the RPT entered into by the Company and/or its subsidiaries to ensure that the transactions were in the best interest of the Company, were fair, reasonable and on normal commercial terms; and was not detrimental to the interest of the Company and the minority shareholders of the Company, prior to its recommendation to the Board for approval.

(f) Annual Report

- Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management & Internal Control before seeking approval from the Board for inclusion in the Annual Report of the Company.

INTERNAL AUDIT FUNCTION

The Internal Auditors of the HCB Group during the FPE 2023 has been outsourced to Wensen Consulting Asia (M) Sdn. Bhd. ("WENSEN"), who reports directly to the AC. WENSEN assisted the Board through the AC in maintaining a sound system of internal controls and ensures that established policies and procedures are adhered to and continue to be effective and satisfactory.

WENSEN has conducted on-going reviews of the adequacy and effectiveness of the internal control systems, compliance with established policies and regulations and means of safeguarding assets of HCB Group. On a quarterly basis, internal audit findings and the internal follow-up review reports are submitted for review and approval by the AC. The reports contain suggested actions for addressing any identified risks or weaknesses, which are recommended to be implemented by the management. Certain internal control weaknesses were identified during the financial period under review, all of which have either been addressed or are currently being attended by the management. None of these weaknesses has resulted in any material loss that would require disclosure in HCB Group's financial statements.

WENSEN conducted a follow-up audit during the financial period to assess the progress of the implementation and improvement measures taken to address issues previously highlighted.

AUDIT COMMITTEE REPORT

Cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

The reviews conducted during the financial period are as follows:-

- i. Opcom Engineering Services Sdn. Bhd.
 - Project tendering management
 - Project planning and execution management
- ii. Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd.
 - Logistics Operations Management
- iii. Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd.
 - Production Management
 - Quality Assurance and Quality Control Management (related to production management)
- v. Opcom Cables Sdn. Bhd. and Opcom Engineering Services Sdn. Bhd.
 - Credit assessment and control management
- iv. T & J Engineering Sdn. Bhd.
 - Project planning and execution management

None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence will performing their internal audit duties.

The total costs incurred for the internal audit function for the FPE 2023 was RM65,000.00.

The AC Report is made in accordance with a resolution of the Board dated 24 January 2024.

NOMINATING AND REMUNERATION COMMITTEE REPORT

The Board is pleased to present the NRC Report of HCB and for the FPE 2023.

COMPOSITION

The NRC comprised the following Independent Non-Executive Directors during the FPE 2023:-

Magnus Kreuger (*Chairman*)
(Independent Non-Executive Director)

Dato' Mazlin Bin MD Junid
(Independent Non-Executive Director)

Er Kian Hong, Elizabeth (f)
(Independent Non-Executive Director)

TERMS OF REFERENCE

The NRC has discharged its functions and carried out its duties as set out in the TOR.

The TOR is available for reference on the Company's website www.hextarcapital.com.

ATTENDANCE AT MEETINGS DURING FPE 2023

During the financial period, three (3) NRC meetings were held, and the details of attendance are as follows:-

Name	Number of Meetings Attended
Magnus Kreuger	3/3
Dato' Mazlin Bin MD Junid	3/3
Er Kian Hong, Elizabeth (f) (<i>Appointed on 22 September 2022</i>)	1/1
Lim Kim Lee (f) (<i>Retired on 22 September 2022</i>)	1/1

SUMMARY OF ACTIVITIES OF THE NRC DURING FPE 2023

The summary of the activities carried out by the NRC during the financial period are as follows:-

(a) Board nomination and election process and criteria used

The NRC is responsible for evaluating and proposing recommendations to the Board regarding directorship candidates when necessary, such as filling vacancies arising from resignation, retirement or addressing identified gaps in skills, competencies, experience or diversity. Candidates may be nominated by the Managing Director, any Director or shareholder provided they meet the requirements prescribed under the relevant laws and regulations for appointment as director.

In assessing the suitability of a candidate, the NRC will take into consideration various factors including but not limited to the candidate's skills, knowledge, expertise, competence, experience, time commitment, character, professionalism and integrity. For the position of Independent Non-Executive Director, the NRC will evaluate the candidate's ability to fulfill the responsibilities expected from an Independent Non-Executive Director.

During the financial period, the NRC considered and identified a suitable candidate to fill the vacancy arising from Lim Kim Lee (f), an Independent Non-Executive Director, who retired at the Company's AGM held in year 2022.

NOMINATING AND REMUNERATION COMMITTEE REPORT

Cont'd

SUMMARY OF ACTIVITIES OF THE NRC DURING FPE 2023 (CONT'D)

(a) Board nomination and election process and criteria used (Cont'd)

After having considered the qualification and skill sets of all the potential candidates and current Directors of the Company including the time commitment to discharge their duties and responsibilities, the appointment of Er Kian Hong, Elizabeth (f) as Independent Non-Executive Director as well as the Chairperson of AC and a member of NRC and TC, and Chang Kian Seong, Johnson as Managing Director of the Company were approved by the Board upon recommendation of the NRC. Subsequently, they had also confirmed that they are satisfied the requirements set out in the Directors' Fit and Proper Policy.

Upon the recommendation by the NRC, Dato' Mazlin Bin MD Junid, the Director who is due for retirement by rotation, and being eligible, has offered himself for re-election subject to the shareholders' approval at the 28th AGM. Dato' Mazlin Bin MD Junid had also confirmed that he satisfied the requirements set out in the Directors' Fit and Proper Policy.

(b) Annual evaluation

The annual evaluation aimed to assess the effectiveness of the Board as a whole, the Board Committees and individual Directors with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed their roles and fulfilled responsibilities, devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The evaluation process was facilitated by the Company Secretary involved the completion of questionnaires/evaluation forms by all Directors. The results were compiled along with comments from the Directors were properly documented, summarised and deliberated by the NRC before it makes recommendation to the Board for improvement or further actions.

(c) Review of the terms of reference, policies and procedures

The NRC reviewed and updated the terms of reference, policies and procedures related to board nominations, executive appointments, and remuneration. This included ensuring that all the documents were remained up to date, aligned with best practices, compliant with relevant regulations, and capable of addressing any identified gaps or emerging issues.

(d) Review of Directors' fees, benefits and allowance

The NRC assessed the proposed Directors' fees and meeting attendance allowance (benefits), salary increment and performance incentives of HCB Group for FPE 2023.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide the following Statement on Risk Management and Internal Control of the Company and the Group for the FPE 2023, which has been prepared in accordance with the “Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers” (“**Guidelines**”) issued by Bursa Securities.

BOARD RESPONSIBILITY

The Board recognises the importance of an effective and dynamic Board to lead and control the Group in enhancing the long-term shareholders’ value and also ensuring that other stakeholders’ interests are also taken into consideration.

The Board is entrusted with the responsibility to exercise reasonable and proper care of the Group’s resources in the best interest of its shareholders, whilst safeguarding its assets and shareholders’ investments.

There is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group. The Board through its AC reviews the results of this process quarterly, including measures that have been carried out by management to mitigate and address the key risk areas. This process has been in place for the financial period under review and up to the date of approval of this Statement.

The Board affirms its overall responsibilities for maintaining a sound system of risk management and internal controls, for reviewing its adequacy and integrity in supporting the achievement of the Group’s strategic goals and business objectives, and for managing those risks efficiently, effectively, and economically.

RISK MANAGEMENT FRAMEWORK

The Board and Management drive a proactive risk management culture to ensure that the Group’s Management and Head of Workgroups have a better and clear understanding of the risk management principles.

The Group had written Risk Management Policies and Procedures (“**RMPP**”) to ensure a formal and consistent process of risk identification, assessment, acceptance, and treatment is carried out within the Group.

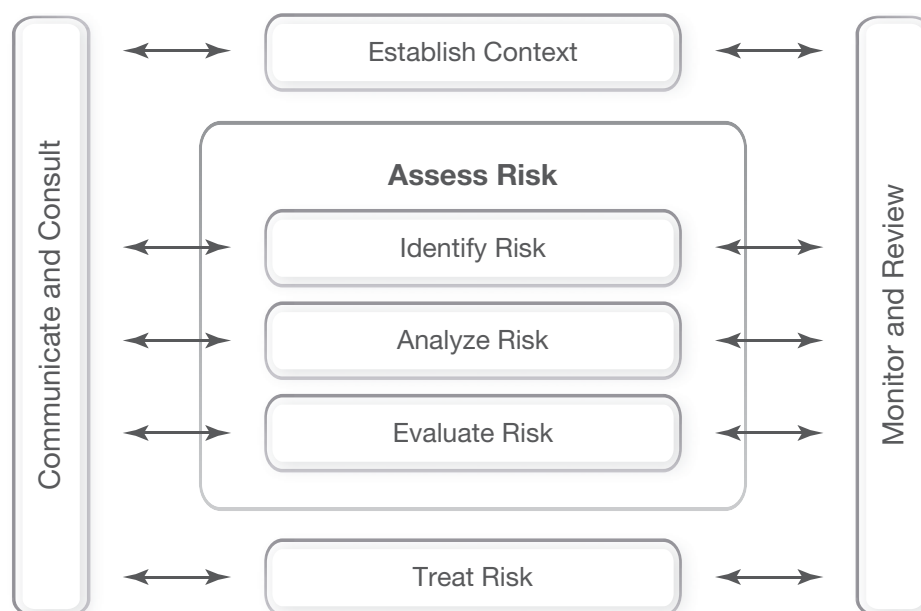
Under the RMPP, the role and responsibilities of the Board, AC, and Risk Management Committee (“**RMC**”) are defined. The composition of RMC is made up of individual heads of business units and the head of functional workgroups such as human resources, finance, MIS, safety and security, marketing, engineering, production & technical, etc, primarily to assist the Board and AC in the management of risks and control responsibilities. A RMC Chairman is appointed from the committee to govern the operations of the RMC.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

RISK MANAGEMENT FRAMEWORK (CONT'D)

The Group's RMC had adopted the ISO31000:2009 which had superseded AS/NSZ 4360:2004 Risk Management Standard, for the establishment and implementation of the Risk Management Process within the Group. The overview of the Risk Management Process is depicted in the following diagram:



The overview of the Risk Management Process involves the systematic establishment of strategic and organisational context, identifying, analysing, assessing, evaluating, monitoring, and/or reporting on the risks that may affect the achievement of the business objectives. This process helps to reduce the Group's internal and external uncertainty environment, thus allowing it to maximise business opportunities.

Once the gross risk is identified with its likelihood rating and impact level determined, the Management further identifies the existing control procedures for identified risk and the effectiveness of the control, to determine the remaining risk known as Residue Risks. The Group's Residue Risks are plotted in the Risk Map (as indicated in the below table) to assist Management in prioritising their efforts and appropriately gauging the acceptability and managing the different classes of risks.

Probability/Likelihood	Consequences/Impact				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
5 - Almost Certain					
4 - Likely					
3 - Possible					
2 - Unlikely					
1 - Rare					

Insignificant
 Low
 Moderate
 High
 Extremely high

RMC meeting is held once every two (2) months or six (6) times in a financial period to continuously monitor and review management action plans to mitigate the risk. The RMC also had ad-hoc meeting arrangements on any crisis management that might arise.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

INTERNAL AUDIT

The Group appoints an independent outsourced internal audit service provider to carry out internal audit reviews and to support the Board in assessing the adequacy and integrity of the internal control systems of the business units within the Group. The internal audit team highlights to the executive and operational management, areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

Areas that the internal auditors reviewed during the year are as follows:

- i. Opcom Engineering Services Sdn. Bhd.
 - Project tendering management
 - Project planning and execution management
- ii. Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd.
 - Logistics Operations Management
- iii. Opcom Cables Sdn. Bhd. and Unigel Compounds Sdn. Bhd.
 - Production management
 - Quality Assurance and Quality Control Management (related to production management)
- iv. T & J Engineering Sdn. Bhd.
 - Project planning and execution management
- v. Opcom Cables Sdn. Bhd. and Opcom Engineering Services Sdn. Bhd.
 - Credit assessment and control management

The reports are submitted to the AC, which reviews the findings with Management at its quarterly meetings. In addition, the Management's response to the control recommendations on deficiencies identified during the internal audits provide an added and independent assurance that control procedures are in place, and are being followed.

The AC reports to the Board the plans and activities of the outsourced internal audit function, significant findings, and the necessary recommendations for the adequacy and effectiveness of the system of internal controls of the Group, including accounting control procedures.

Additionally and separately, the Board is also of the view that the Internal Control system is adequate and effective based on the established Internal Control framework as reported by an independent outsourced internal audit service provider to the AC of the Board. The Board remains committed to ensuring a sound system of risk management and internal control, and therefore, recognise that the systems must continuously evolve to support growth and will take any appropriate action plans, when necessary, to further enhance the Company's system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

MANAGEMENT RESPONSIBILITIES AND BOARD ASSURANCE AND LIMITATION

The Board uses the following key controls, processes, and information and review mechanisms to follow up on the progress of management actions and to derive comfort on the state of internal control and risk management in the Group:

- A RMC has been set up to constantly identify, evaluate and monitor significant risks faced by the Group. The said committee is also responsible for the development of risk mitigation strategies and plans;
- Board discussions with the management during the board meetings on business and operational issues as well as the measures taken by the management to mitigate and manage risks associated with the business environment;
- The management team of the business unit meets frequently to discuss and review the cash flows, financial and business units' performances, funding, and operational issues to ensure that challenges and risks are addressed timely and appropriately;
- The AC reviews and discusses with the management the unaudited quarterly financial results to monitor the Group's performance; and
- The AC also discusses with the External Auditors on the key concerns and findings on financial and internal control matters at the audit planning, interim and final stage of the audit, and the follow-up actions by the management.

The Group's system of internal controls also comprises the following key elements:

- **Standard Operating Procedures and Control Policy**
Group-wide policies and procedures are in place to facilitate communications and awareness of accountability and control procedures for key business units. The policies and procedures are available and accessible to the relevant employees.
- **Organisation Structure and Authorisation Matrix**
The Group has a formally defined organisational structure that sets out lines of accountability. The delegation of authority is documented and sets out the decisions that need to be taken and the appropriate authority levels of management, including matters that require the Board's approval. Key financial and procurement matters of the Group require the authorisation of the relevant levels of senior management.
- **Budgetary Review**
The Group's management team monitors and reviews the financial results and budgets for all business units within the Group monthly. The processes include monitoring and reporting performance against the operating plans and annual budgets in operations committee meetings. The Group's management team communicates monthly to monitor operational and financial performance as well as to formulate action plans to address any areas of concern.

The system of internal control is also structured in such a manner that it provides reasonable assurance that the likelihood of a significant adverse impact on objectives rising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of prevention, detective, and corrective measures. It is possible that internal control may be circumvented or overridden. The rationale of the system of internal controls is to enable the Group to achieve its strategic and business objectives within an acceptable risk profile and cannot be expected to eliminate all risks. The system of internal controls will continue to be reviewed and tested periodically, added on, or updated in line with the changes in the operating environment.

However, this system of internal control does not apply to the Associated Companies as the Group does not possess control over the associates who operate under different business environments. There are no major internal control weaknesses that brought to the attention of the Board since the date of acquisition.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Cont'd

MANAGEMENT RESPONSIBILITIES AND BOARD ASSURANCE AND LIMITATION (CONT'D)

The RMC provided assurance that there was no significant breakdown or weakness in the system of internal controls of the Group that may result in a material loss to the Group for the FPE 2023. Based on the Management's assurance as well as input from the relevant assurance providers, the Board is of the view that the risk management and internal control system are adequate and effective for the financial year under review and up to the date of approval of this statement and there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks.

Review of Statement by External Auditors

Pursuant to Rule 15.23 of the Bursa Securities AMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the external auditors have 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 processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This statement is issued in accordance with a resolution of the Board dated 24 January 2024.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the AMLR of Bursa Securities:

1. AUDIT FEES AND NON-AUDIT FEES

The fees incurred for services rendered to HCB Group by the Group's External Auditors for the FPE 2023 are as follows:

	Group (RM)	Company (RM)
Audit Fees	1,010,250	480,500
Non-Audit Fees	12,000	12,000

Non-Audit fees payable to the External Auditors for the FPE 2023 by HCB Group covering the review of Statement on Risk Management & Internal Control.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and/or its subsidiaries involving the Board and major shareholders' interest either still subsisting at the end of the FPE 2023 or entered into since the end of the previous financial year.

3. UTILISATION OF PROCEEDS

- (a) On 9 September 2021, the Company successfully raised RM23.147 million from the private placement by the issuance of 53,212,400 new ordinary shares on ACE Market of Bursa Securities. The status of the utilisation of proceeds is as follows:

Details of Utilisation	Proceeds raised RM'000	Actual utilised RM'000	Balance to be utilised RM'000
Future business projects/investment	19,000	(19,000)	-
Working capital	3,668	(3,668)	-
Estimated expenses for the Private Placement	479	(479)	-
Total	23,147	(23,147)	-

- (b) On 31 January 2023, the Company successfully raised RM19.257 million from the private placement by the issuance of 27,908,700 new ordinary shares on ACE Market of Bursa Securities. The status of the utilisation of proceeds is as follows:

Details of Utilisation	Proceeds raised RM'000	Actual utilised RM'000	Balance to be utilised RM'000
Future business projects/investment	18,257	(4,500)	13,757
Working capital	735	-	735
Estimated expenses for the Private Placement	265	(265)	-
Total	19,257	(4,765)	14,992

ADDITIONAL COMPLIANCE INFORMATION

Cont'd

4. EMPLOYEES' SHARE OPTION SCHEME

The shareholders of the Company had via an Extraordinary General Meeting held on 18 August 2021 approved the ESOS of up to 30% of the total number of issued shares of the HCB Group (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries. The ESOS is for a duration of five (5) years commencing from the date of implementation of ESOS, unless extended further.

- (a) According to the register of the options, the number of schemes currently in existence during the financial period were as follows-

Total Number of Options Granted	-
Total Number of Options Exercised	-
Total Number of Options Lapsed *	-
Total Number Options Outstanding	19,000,000

* Due to resignation

- (b) The total number of options granted to the Directors and senior management, and outstanding options during the financial period were as follows:

Description	Directors	Senior Management
Total Number of Options Granted	-	-
Total Number of Options Exercised	-	-
Total Number of Options Outstanding	19,000,000	-

- (c) Percentage of options granted to Directors and senior management under the ESOS are as follows:

	Since commencement up to 30 September 2023
Aggregate maximum allocation	100%
Actual percentage granted and accepted	100%

- (d) The breakdown of the options offered to and exercised by the Non-Executive Directors pursuant to the ESOS in respect of the FPE 2023 are as follows-

Name of Directors	Amount of options granted	Amount of options exercised
1. Dato' Mazlin Bin MD Junid	500,000	-
2. Teh Li King	8,000,000	-
3. Magnus Kreuger	500,000	-
4. Er Kian Hong, Elizabeth (f)	-	-

5. RECURRENT RELATED PARTY TRANSACTIONS

The details of the RRPTs of HCB and HCB Group made during the FPE 2023 are disclosed in Note 29 to the Financial Statements of this Annual Report.

FINANCIAL STATEMENT

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 September 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting of buildings, provision of management services to its subsidiaries and investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

CHANGE OF COMPANY NAME

On 1 December 2023, the shareholders of the Company approved the change of name from Opcom Holdings Berhad to Hextar Capital Berhad. Effective 1 December 2023, the Company is known as Hextar Capital Berhad.

CHANGE OF FINANCIAL YEAR END

On 13 July 2023, the financial year end of the Company has been changed from 31 March to 30 September. Consequently, the current accounting period is from 1 April 2022 to 30 September 2023.

RESULTS

	Group RM	Company RM
Profit for the financial period, net of tax	3,193,327	1,611,493
Attributable to:		
Owners of the Company	2,528,560	1,611,493
Non-controlling interests	664,767	-
	3,193,327	1,611,493

DIVIDENDS

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 dividends in respect of the financial period ended 30 September 2023.

RESERVES OR PROVISIONS

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

DIRECTORS' REPORT

Cont'd

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial period.

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT

Cont'd

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature except for the acquisition of a subsidiary as disclosed in Note 9 and impairment of investment in an associate as disclosed in Note 10 of the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company:

- (i) increased its issued and paid-up ordinary share capital from RM100,412,906 to RM119,405,196 by way of private placement of 27,908,700 new ordinary shares for a total cash consideration of RM18,992,290; and
- (ii) issued 77,026,531 new ordinary shares at RM0.665 per share as part of purchase consideration for the acquisition of 100% equity in T&J Engineering Sdn. Bhd.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

No new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial period other than the issue of options pursuant to the Employees Share Option Scheme ("ESOS").

On 18 August 2021, the Company's shareholders approved the establishment of an ESOS for directors and employees who meet the criteria of eligibility for participation. On 21 September 2021, the Company granted 68,000,000 ESOS to selected certain eligible employees and directors of the Group.

The salient features and other details of the ESOS are disclosed in Note 19(a) to the financial statements.

Details of the options offered for the subscription of unissued ordinary shares are as follows:

Grant date	Exercise price	Number of option over ordinary shares				At 30 September 2023
		At 1 April 2022	Granted	Exercised	Lapsed	
21 September 2021	RM0.6804	19,000,000	-	-	-	19,000,000

DIRECTORS' REPORT

Cont'd

DIRECTORS

The directors in office during the financial period until the date of this report are:

Dato' Mazlin Bin MD Junid

Ong Soon Lim*

Teh Li King*

Magnus Kreuger

Lim Kim Lee

Er Kian Hong

Chang Kian Seong*

Retired on 22 September 2022

Appointed on 22 September 2022

Appointed on 1 October 2022

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period until the date of this report are:

Yusree Putra Bin Alias

Rohiza Binti Husain

Dato' Ngu Sing Hieng

Dato' Wong Say Khim

DIRECTORS' INTERESTS

According to the Registers of Directors' Shareholding required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in share option granted under ESOS in the Company and its related corporations during the financial period were as follows:

	Number of Share Options		
	At 1 April 2022	Granted	At 30 September 2023
Share options in the Company			
Dato' Mazlin Bin MD Junid	500,000	-	500,000
Ong Soon Lim	10,000,000	-	10,000,000
Teh Li King	8,000,000	-	8,000,000
Magnus Kreuger	500,000	-	500,000

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in the ordinary shares and options over ordinary shares of the Company and its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT

Cont'd

DIRECTORS' BENEFITS (CONT'D)

The directors' benefits of the Group and of the Company during the financial period are as follows:

	Group RM	Company RM
- Fees	276,000	204,000
- Salaries, bonuses and other benefits	2,557,088	182,500
- Defined contribution plan	287,492	-
	3,120,580	386,500

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM5,000,000 and RM6,900 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENTS

Details of significant events during and subsequent to the end of the financial period are disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT

Cont'd

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the financial period are as follows:

	Group RM	Company RM
Auditors' remuneration:		
Audit fee:		
- Ecovis Malaysia PLT	440,000	165,000
- Other auditors	570,250	315,500
Non-audit fees		
- Ecovis Malaysia PLT	7,000	7,000
- Other auditors	5,000	5,000
	1,022,250	492,500

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

.....
Chang Kian Seong
Director

.....
Ong Soon Lim
Director

Date: 24 January 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Group		Company	
		30.09.2023	31.03.2022	30.09.2023	31.03.2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	20,310,301	23,286,811	93,801	124,173
Right-of-use assets	6	12,011,285	11,866,672	11,503,974	11,845,113
Investment properties	7	-	-	11,668,308	12,207,164
Intangible assets	8	34,213,447	-	-	-
Investment in subsidiaries	9	-	-	85,160,122	25,850,439
Investment in associates	10	-	20,495,223	-	-
Deferred tax assets	11	-	55,019	-	-
Other receivables	14	1,042,565	-	-	-
Total non-current assets		67,577,598	55,703,725	108,426,205	50,026,889
Current assets					
Inventories	12	17,204,983	10,890,667	-	-
Trade receivables	13	110,554,868	20,833,450	-	-
Other receivables, deposits and prepayments	14	21,638,767	2,111,446	78,201,901	4,328,449
Tax assets		217,026	538,842	244,277	397,533
Other investments	15	7,369,132	-	-	-
Deposits, cash and bank balances	16	77,467,392	91,581,361	9,097,333	63,806,425
		234,452,168	125,955,766	87,543,511	68,532,407
Non-current assets held for sale	17	7,617,687	-	-	-
Total current assets		242,069,855	125,955,766	87,543,511	68,532,407
TOTAL ASSETS		309,647,453	181,659,491	195,969,716	118,559,296

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

Cont'd

	Note	Group		Company	
		30.09.2023	31.03.2022	30.09.2023	31.03.2022
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	170,627,839	100,412,906	170,627,839	100,412,906
Reserves	19	(33,848,260)	4,882,947	(41,275,341)	1,410,195
Retained earnings		55,280,835	52,751,964	15,594,728	13,983,235
		192,060,414	158,047,817	144,947,226	115,806,336
Non-controlling interests		9,900,648	9,710,192	-	-
TOTAL EQUITY		201,961,062	167,758,009	144,947,226	115,806,336
Non-current liabilities					
Loans and borrowings	20	296,554	-	-	-
Deferred tax liabilities	11	7,163,280	733,975	922,456	786,977
Other payables	22	26,348,305	-	26,348,305	-
Total non-current liabilities		33,808,139	733,975	27,270,761	786,977
Current liabilities					
Loans and borrowings	20	27,143,405	22,167	6,000,000	-
Trade payables	21	18,440,665	7,804,122	-	-
Other payables and accruals	22	20,952,952	5,054,437	17,751,729	1,965,983
Tax liabilities		7,341,230	286,781	-	-
Total current liabilities		73,878,252	13,167,507	23,751,729	1,965,983
TOTAL LIABILITIES		107,686,391	13,901,482	51,022,490	2,752,960
TOTAL EQUITY AND LIABILITIES		309,647,453	181,659,491	195,969,716	118,559,296

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Note	Group		Company	
		01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM	01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM
Revenue	23	217,533,024	87,173,736	6,876,430	3,034,647
Cost of sales		(162,764,875)	(69,148,042)	(3,073,285)	(1,727,700)
Gross profit		54,768,149	18,025,694	3,803,145	1,306,947
Other income	24	6,974,711	1,554,236	1,694,982	474,478
Distribution expenses		(1,804,592)	(1,317,427)	-	-
Administrative expenses		(15,451,125)	(11,297,568)	(3,170,450)	(1,955,727)
Net reversal of impairment losses of financial assets		-	350,000	-	-
Other expenses		(34,660,266)	(1,438,935)	(12,000)	-
		(51,915,983)	(13,703,930)	(3,182,450)	(1,955,727)
Operating profit/(loss)		9,826,877	5,876,000	2,315,677	(174,302)
Finance costs	25	(896,036)	(19,673)	(65,513)	-
Share of results of associates		2,052,120	1,704,896	-	-
Profit/(Loss) before tax	26	10,982,961	7,561,223	2,250,164	(174,302)
Tax expense	27	(7,789,634)	(1,161,973)	(638,671)	(576,194)
Profit/(Loss) for the financial period/year		3,193,327	6,399,250	1,611,493	(750,496)
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences		3,806,661	409,013	-	-
Share of exchange reserve from associates		147,668	99,898	-	-
		3,954,329	508,911	-	-
Total comprehensive income/(loss) for the financial period/year		7,147,656	6,908,161	1,611,493	(750,496)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Cont'd

	Note	Group		Company	
		01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
		RM	RM	RM	RM
Profit/(Loss) attributable to:					
Owners of the Company		2,528,560	3,946,456	1,611,493	(750,496)
Non-controlling interests		664,767	2,452,794	-	-
		3,193,327	6,399,250	1,611,493	(750,496)
Total comprehensive income/(loss) attributable to:					
Owners of the company		6,482,889	4,455,367	1,611,493	(750,496)
Non-controlling interests		664,767	2,452,794	-	-
		7,147,656	6,908,161	1,611,493	(750,496)
Earnings per ordinary share attributable to the owners of the Company:					
- Basic (sen)	28	0.79	1.79		
- Diluted (sen)	28	0.79	1.77		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Attributable to owners of the Company										
Group	Note	Share capital	Capital reserve	Other reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 April 2022		100,412,906	3,283	-	1,410,195	3,469,469	52,751,964	158,047,817	9,710,192	167,758,009
Total comprehensive income for the financial period										
Profit for the financial period		-	-	-	-	-	2,528,560	2,528,560	664,767	3,193,327
Foreign currency translation reserve		-	-	-	-	3,806,661	-	3,806,661	-	3,806,661
Share of exchange reserve from associates		-	-	-	-	147,668	-	147,668	-	147,668
Total comprehensive income		-	-	-	-	3,954,329	2,528,560	6,482,889	664,767	7,147,656
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- private placement	18	18,992,290	-	-	-	-	-	18,992,290	-	18,992,290
- acquisition of a subsidiary	18	51,222,643	-	(42,685,536)	-	-	-	8,537,107	-	8,537,107
Changes in ownership interests in subsidiaries		-	-	-	-	-	311	311	(24,311)	(24,000)
Dividend paid on shares to non-controlling shareholders		-	-	-	-	-	-	-	(450,000)	(450,000)
Total transactions with owners		70,214,933	-	(42,685,536)	-	-	311	27,529,708	(474,311)	27,055,397
At 30 September 2023		170,627,839	3,283	(42,685,536)	1,410,195	7,423,798	55,280,835	192,060,414	9,900,648	201,961,062

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Cont'd

Group	Note	Attributable to owners of the Company							Total equity RM
		Share capital RM	Capital reserve RM	Share option reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	
At 1 April 2021		32,249,987	3,283	-	2,960,558	48,711,608	83,925,436	7,409,398	91,334,834
Total comprehensive income for the financial year									
Profit for the financial year		-	-	-	-	3,946,456	3,946,456	2,452,794	6,399,250
Foreign currency translation reserve		-	-	-	409,013	-	409,013	-	409,013
Share of exchange reserve from associates		-	-	-	99,898	-	99,898	-	99,898
Total comprehensive income		-	-	-	508,911	3,946,456	4,455,367	2,452,794	6,908,161
Transactions with owners									
Issuance of ordinary shares pursuant to:									
- private placement	18	31,809,934	-	-	-	-	31,809,934	-	31,809,934
- ESOS	18	36,352,985	-	(3,353,585)	-	-	32,999,400	-	32,999,400
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	-	-	40,000	40,000
Share option issued	19	-	-	4,857,680	-	-	4,857,680	-	4,857,680
Lapsed share option	19	-	-	(93,900)	-	93,900	-	-	-
Dividend paid on shares to non-controlling shareholders		-	-	-	-	-	-	(192,000)	(192,000)
Total transactions with owners		68,162,919	-	1,410,195	-	93,900	69,667,014	(152,000)	69,515,014
At 31 March 2022		100,412,906	3,283	1,410,195	3,469,469	52,751,964	158,047,817	9,710,192	167,758,009

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Cont'd

Company	Note	Share capital RM	Share option reserve RM	Other reserve RM	Retained earnings RM	Total equity RM
At 1 April 2021		32,249,987	-	-	14,639,831	46,889,818
Loss for the financial year, representing total comprehensive income		-	-	-	(750,496)	(750,496)
Transactions with owners						
Issuance of ordinary shares pursuant to:						
- private placement	18	31,809,934	-	-	-	31,809,934
- ESOS	18	36,352,985	(3,353,585)	-	-	32,999,400
Share option issued	19	-	4,857,680	-	-	4,857,680
Lapsed share option	19	-	(93,900)	-	93,900	-
Total transactions with owners		68,162,919	1,410,195	-	93,900	69,667,014
At 31 March 2022/1 April 2022		100,412,906	1,410,195	-	13,983,235	115,806,336
Profit for the financial period, representing total comprehensive loss		-	-	-	1,611,493	1,611,493
Transactions with owners						
Issuance of ordinary shares pursuant to:						
- private placement	18	18,992,290	-	-	-	18,992,290
- acquisition of a subsidiary	18	51,222,643	-	(42,685,536)	-	8,537,107
Total transactions with owners		70,214,933	-	(42,685,536)	-	27,529,397
At 30 September 2023		170,627,839	1,410,195	(42,685,536)	15,594,728	144,947,226

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Note	Group		Company	
		01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
		RM	RM	RM	RM
Cash flows from operating activities					
Profit/(Loss) before tax		10,982,961	7,561,223	2,250,164	(174,302)
Adjustments for:					
Amortisation of intangible asset	8	15,175,168	-	-	-
Depreciation of property, plant and equipment	5	2,460,407	1,717,159	83,501	69,752
Depreciation of right-of-use assets	6	467,586	252,245	341,139	223,499
Depreciation of investment properties	7	-	-	538,856	359,237
Dividend income	23	-	-	(3,050,000)	(448,000)
Gain on disposal of property, plant and equipment	24	(258,545)	(161,299)	-	
(Gain)/Loss on disposal of a subsidiary	9	(222,913)	-	12,000	-
Interest expense		854,354	18,253	28,945	-
Interest income		(4,375,872)	(813,974)	(1,694,014)	(474,448)
Impairment losses on property, plant and equipment	5	794,673	-	-	-
Impairment of investment in associates	10	14,333,061	-	-	-
Impairment losses on short term investment	15	330,868	-	-	-
Inventories written down/(back)	12	49,585	(439,647)	-	-
Modification loss on financial asset	26	3,621,971			
Property, plant and equipment written off	26	-	26,416	-	-
Provision/(Reversal) of impairment loss on trade receivables	13	309,915	(350,000)	-	-
Unrealised loss/(gain) on foreign exchange	26	21,647	(53,745)	-	-
Share-based payment expense	26(a)	-	4,857,680	-	1,287,243
Share of result of associates	10	(2,052,120)	(1,704,896)	-	-
Operating profit/(loss) before working capital changes		42,492,746	10,909,415	(1,489,409)	842,981
Changes in working capital:					
Inventories		(465,903)	3,585,091	-	-
Receivables		(92,219,741)	4,423,815	(5,927,573)	(621,686)
Payables		(7,101,376)	(4,263,879)	(964,525)	(2,051,075)
Cash (used in)/from operations, brought forward		(57,294,274)	14,654,442	(8,381,507)	(1,829,780)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023
Cont'd

	Note	Group		Company	
		01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM	01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM
Cash (used in)/from operations, carried forward		(57,294,274)	14,654,442	(8,381,507)	(1,829,780)
Tax paid, net		(5,377,065)	(709,529)	(349,935)	(171,500)
Net cash (used in)/from operating activities		(62,671,339)	13,944,913	(8,731,442)	(2,001,280)
Cash flows from investing activities					
Advances to subsidiaries		-	-	(67,945,879)	(2,630,421)
Investment in subsidiaries	9	-	-	(3,274,000)	(2,130,000)
Change in pledged deposits	16	(12,048,155)	-	-	-
Dividend income received from subsidiaries		-	-	3,050,000	448,000
Dividend income received from associates		1,118,912	772,643	-	-
Proceeds from disposal of property, plant and equipment		1,925,966	161,299	-	-
Interest received		3,289,991	813,974	1,694,014	474,448
Acquisition of a subsidiary, net of cash and cash equivalents	9(iv)	6,521,784	-	(4,500,000)	-
Proceed from disposal of a subsidiary, net of cash disposed	9(iii)	(184,057)	-	88,000	-
Placement of other investments		(7,700,000)	-	-	-
Purchase of investment properties	7	-	-	-	(52,350)
Purchase of property, plant and equipment	5	(1,012,328)	(528,778)	(53,129)	(25,464)
Purchase of right of use assets		(106,160)	-	-	-
Net cash (used in)/from investing activities		(8,194,047)	1,219,138	(70,940,994)	(3,915,787)
Cash flows from financing activities					
	(a)				
Acquisition of non-controlling interests		(24,000)	-	-	-
Dividend paid to non-controlling interests		(450,000)	(192,000)	-	-
Interest paid		(854,354)	(18,253)	(28,945)	-
Drawdown of bank borrowings		8,181,057	-	6,000,000	-
Repayment of bank borrowings		-	(1,150,548)	-	-
Payments of lease liabilities		(111,897)	(28,417)	-	-
Repayment to a corporate shareholder of a subsidiary		-	(8,048,134)	-	-
Subscription of shares by non-controlling interests in a subsidiary		-	40,000	-	-
Net issuance of shares pursuant to:		-			
- private placement	15	18,992,290	31,809,934	18,992,289	31,809,934
- ESOS		-	32,999,400	-	32,999,400
Net cash from financing activities		25,733,096	55,411,982	24,963,344	64,809,334

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Cont'd

		Group		Company	
		01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
Note		RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents		(45,132,290)	70,576,033	(54,709,092)	58,892,267
Cash and cash equivalents at the beginning of the financial period/year		91,581,361	20,860,780	63,806,425	4,914,158
Effects of exchange rate changes on cash and cash equivalents		127,573	144,548	-	-
Cash and cash equivalents at the end of the financial period/year	16	46,576,644	91,581,361	9,097,333	63,806,425

(a) Reconciliations of liabilities arising from financing activities:

Group	Note	At 1 April 2022 RM	Cash flows RM	Others RM	At 30 September 2023 RM
Bank borrowings	20	-	8,181,057	-	8,181,057
Lease liabilities	20	22,167	(111,897)	506,039	416,309
		22,167	8,069,160	506,039	8,597,366

		At 1 April 2021 RM	Cash flows RM	Others RM	At 31 March 2022 RM
Bank borrowings	20	1,142,176	(1,150,548)	8,372	-
Amounts owing to a corporate shareholder of a subsidiary		8,048,134	(8,048,134)	-	-
Lease liabilities	20	50,584	(28,417)	-	22,167
		9,240,894	(9,227,099)	8,372	22,167

Company	Note	At 1 April 2022 RM	Cash flows RM	Others RM	At 30 September 2023 RM
Bank borrowings	20	-	6,000,000	-	6,000,000

		At 1 April 2021 RM	Cash flows RM	Others RM	At 31 March 2022 RM
Bank borrowings	20	-	-	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023
Cont'd

(b) Total cash outflows for leases as a lessee:

		Group	
	Note	2023 RM	2022 RM
Included in net cash from operating activities:			
Payment relating to short-term leases and low value assets	26	30,773	26,380
Included in net cash from financing activities:			
Payments of lease liabilities		111,897	28,417
Interest paid in relation to lease liabilities	25	9,339	1,582
Total cash outflow of leases		152,009	56,379

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in the business of renting of buildings, provision of management services to its subsidiaries and investment holding. The principal activities of the subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial period.

On 13 July 2023, the financial year end of the Company has been changed from 31 March to 30 September. Consequently, the current accounting period is from 1 April 2022 to 30 September 2023.

On 1 December 2023, the shareholders of the Company approved the change of name from Opcom Holdings Berhad to Hextar Capital Berhad. Effective 1 December 2023, the Company is known as Hextar Capital Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 January 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

MFRSs and/or IC Interpretations (including Consequential Amendments)

Annual Improvements to MFRS Standards 2018 – 2020

Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract

Amendments to MFRS 112 Income Taxes – International Tax Reform - Pillar Two Model Rules (Paragraph 4A and 88A)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

Title	Effective date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)	Deferred

2.3.1 The Group and the Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application is not expected to have material impact to the current and prior periods financials statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

2. BASIS OF PREPARATION (CONT'D)

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, 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 or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) Associates (Cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Revenue and other income (Cont'd)

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not adjusting the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

Revenue from sale of goods are recognised at a point in time when control of goods is transferred to the customer, generally on the delivery of the goods. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Sales are made with a credit term ranging from 30 to 120 days. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(b) Rendering of engineering services and other services

Revenue from providing contract engineering and other services is recognised at a point in time when the services have been rendered to and accepted by the customers and over time as costs are incurred for contracts where the Group's performance creates or enhances an asset that the customer controls as the assets is created or enhanced.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Revenue and other income (Cont'd)

(c) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income is recognised in profit or loss on the straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease.

3.5 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivables on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.8 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.9 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

(a) Subsequent measurement

The Group and the Company categorise financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify their debt instruments as follows:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets (Cont'd)

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (except for capital work-in-progress) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment which take a substantial period of time to be ready for their intended use. This expenditure is stated at cost less accumulated impairment losses, if any. Upon completion of construction, the cost will be reclassified to the respective property, plant and equipment and depreciated according to the depreciation policy of the Group.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

(c) Depreciation

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

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Useful lives

Buildings	50 years
Computer equipment	4 years
Furniture, fixtures and fittings	10 - 20 years
Motor vehicles	5 years
Office equipment	10 years
Plant and machinery	15 years
Renovations	5 years
Tools and equipment	10 years
Small value assets	1 year

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Property, plant and equipment (Cont'd)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.11 Leases

(a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise right-of-use assets and lease liabilities with respect to all lease agreements 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.

The Group and the Company present right-of-use assets that does not meet the definition of investment property in Note 6 and lease liabilities on Note 20(c).

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Lease liability

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

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

- the lease term has changed or there is a 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 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 the initial 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 by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement 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 the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. 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 asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Intangible assets

(a) Goodwill

Goodwill arises on business combinations is initially measured at cost as described in Note 3.1(a). Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(b) Other intangible assets

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

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is recognised in profit or loss based on straight-line basis over its useful life.

3.13 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Company uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciated and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the buildings are 50 years.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and pledged deposits, if any.

3.16 Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

Impairment loss on initial classification as held for sale or distribution and subsequent gain or loss on remeasurement is recognised in profit or loss. Gain is not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

3.17 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment of assets (Cont'd)

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

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than a year past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment of assets (Cont'd)

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognised in prior periods is assessed at the end of each reporting period for any indication that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are credited to profit or loss in the financial year in which the reversals are recognised.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.19 Share-based payments

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

3.20 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.22 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of property, plant and equipment

The Group assesses the impairment of property, plant and equipment whenever the 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.

The Group has performed an impairment assessment of certain plant and machinery of a subsidiary, totaling RM4,524,002.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(a) Impairment of property, plant and equipment (Cont'd)

The recoverable amount of these plant and machinery is determined using the market value approach, based on a recent valuation carried out by an independent valuer engaged by the management.

The valuation of the plant and machinery is prepared using depreciated replacement cost method, where the value is arrived at by estimating the current new replacement costs less accrued depreciation for age and obsolescence taking into account various assumptions including intensity of usage, present physical condition, technological advancement and market trend. Further details are disclosed in Note 5.

(b) Purchase price allocation arising from acquisition of a subsidiary, T&J Engineering Sdn. Bhd. ("TJE")

On 7 March 2023, the Group completed the acquisition of TJE. The Group assessed the fair value of the identified assets acquired and liabilities assumed on the acquisition date via a purchase price allocation exercise. As at reporting date, the purchase price allocation for this acquisition is still incomplete. The Group has up to one year from acquisition date to complete such allocation.

Accordingly, on a provisional basis, the Group has recognised intangible assets relating to customer contract of RM41,189,742 with corresponding deferred tax liabilities of RM9,885,538 and goodwill of RM8,198,873 in relation to the acquisition of TJE.

Further details are disclosed in Notes 8 and 9.

(c) Impairment of goodwill

Goodwill is tested for impairment annually or more frequently when such indicators exist. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. When value-in-use calculations are undertaken, the directors use their judgement to estimate the expected future cash flows from the CGU and to determine the suitable discount rates, assumptions supporting the underlying cash flow forecast, including net profit margins and probabilities applied to expected revenue to derive the recoverable amount. Cash flows that are forecasted based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected. The carrying amount of the Group's goodwill of RM8,198,873 as at 30 September 2023 and key assumptions used to determine the recoverable amount are disclosed in Note 8.

(d) Impairment of trade receivables

The Group uses the simplified approach to calculate expected credit loss for trade receivables, except for those arising from construction contract. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further details are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(e) Deferred consideration payable

Deferred consideration payable arose from the acquisition of TJE during the financial period, with consideration payable in future periods which is contingent upon TJE meeting certain criteria and performance target. At each reporting date, the Group assesses the fair value of the deferred consideration payable based on the projected probability of the investee company meeting the criteria and performance target after considering the current and projected market conditions.

The amount recognised as deferred consideration payable is the net present value of the assessed fair value, using a discount rate appropriate to the cash flow risks associated with the liability.

(f) Revenue recognition for construction contracts

The Group recognises revenue from construction contracts which are performed over time based on stage of completion of the performance obligation at the reporting date. Significant judgement is required in determining progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred and the estimated total construction revenue and costs. The Group makes such judgement based on past experience of providing similar services.

(g) Income taxes

Significant estimate and judgement is involved in determining the Group's provision for income taxes as the ultimate tax liability for the Group is uncertain at the reporting date.

When the final outcome of the tax payable is determined by the tax authorities, the amount of provision for income tax may be different from the amounts that were initially recognised. Such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Capital work-in-progress	Small value assets	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023											
Cost											
At 1 April 2022	17,928,812	990,933	1,312,239	575,542	702,892	47,275,734	1,908,562	538,429	-	7,327	71,240,470
Arising from acquisition of a subsidiary (Note 9(iv))	-	177,111	34,671	555,000	-	113,604	111,748	-	-	-	992,134
Arising from disposal of a subsidiary (Note 9(iii))	-	(4,849)	-	-	-	-	-	-	-	-	(4,849)
Additions	-	134,107	25,792	-	23,386	162,010	136,627	10,729	518,826	851	1,012,328
Disposals	-	(6,551)	(5,500)	(318,493)	-	(2,421,608)	-	(4,216)	-	(258)	(2,756,626)
Exchange differences	-	18,283	5,121	34,945	10,278	1,159,371	9,951	60,629	-	695	1,299,273
At 30 September 2023	17,928,812	1,309,034	1,372,323	846,994	736,556	46,289,111	2,166,888	605,571	518,826	8,615	71,782,730
Accumulated impairment loss											
At 1 April 2022	-	11,296	26,017	30,803	7,966	3,502,882	-	98,951	-	-	3,677,915
Impairment loss	-	-	-	-	-	794,673	-	-	-	-	794,673
Exchange differences	-	1,305	954	2,460	920	276,404	-	11,434	-	-	293,477
At 30 September 2023	-	12,601	26,971	33,263	8,886	4,573,959	-	110,385	-	-	4,766,065

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

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Capital work-in-progress	Small value assets	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2023											
Accumulated depreciation											
At 1 April 2022	5,721,648	856,418	1,059,884	536,804	582,684	33,346,020	1,884,343	287,117	-	826	44,275,744
Arising from acquisition of a subsidiary (Note 9(iv))	-	97,282	5,720	499,083	-	68,155	82,149	-	-	-	752,389
Arising from disposal of a subsidiary (Note 9(iii))	-	(505)	-	-	-	-	-	-	-	-	(505)
Charge for the financial period	538,856	128,903	44,836	9,532	44,300	1,575,272	55,500	55,713	-	7,495	2,460,407
Disposals	-	-	(4,263)	(293,471)	-	(791,471)	-	-	-	-	(1,089,205)
Exchange differences	-	16,204	2,815	7,466	8,500	231,639	6,712	33,908	-	290	307,534
At 30 September 2023	6,260,504	1,098,302	1,108,992	759,414	635,484	34,429,615	2,028,704	376,738	-	8,611	46,706,364
Carrying amount											
At 30 September 2023	11,668,308	198,131	236,360	54,317	92,186	7,285,537	138,184	118,448	518,826	4	20,310,301

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

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

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Capital work-in-progress	Small value assets	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2022											
Cost											
At 1 April 2021	17,876,462	1,104,143	1,321,173	467,644	686,664	56,005,838	1,994,994	530,979	2,174,867	-	82,162,764
Additions	52,350	56,333	-	8,050	14,959	173,511	-	-	221,560	2,015	528,778
Disposals	-	(171,776)	-	(200,000)	-	(11,420,674)	(87,661)	-	-	-	(11,880,111)
Written off	-	-	(9,566)	-	-	(23,920)	-	-	-	-	(33,486)
Reclassification	-	-	-	-	-	2,405,482	-	-	(2,410,752)	5,270	-
Transfer from right-of-use assets (Note 6)	-	-	-	298,057	-	-	-	-	-	-	298,057
Exchange differences	-	2,233	632	1,791	1,269	135,497	1,229	7,450	14,325	42	164,468
At 31 March 2022	17,928,812	990,933	1,312,239	575,542	702,892	47,275,734	1,908,562	538,429	-	7,327	71,240,470
Accumulated impairment loss											
At 1 April 2021	-	11,135	25,646	7,292	7,852	4,955,214	-	97,539	-	-	5,104,678
Disposals	-	-	-	-	-	(1,482,142)	-	-	-	-	(1,482,142)
Transfer from right-of-use assets (Note 6)	-	-	-	23,405	-	-	-	-	-	-	23,405
Exchange differences	-	161	371	106	114	29,810	-	1,412	-	-	31,974
At 31 March 2022	-	11,296	26,017	30,803	7,966	3,502,882	-	98,951	-	-	3,677,915

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

NOTES TO THE
FINANCIAL STATEMENTS

Cont'd

Group	Buildings	Computer equipment	Furniture, fixtures and fittings	Motor vehicles	Office equipment	Plant and machinery	Renovation	Tools and equipment	Capital work-in-progress	Small value assets	Total
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2022											
Accumulated depreciation											
At 1 April 2021	5,362,411	948,799	1,030,836	460,334	549,510	42,119,802	1,935,320	249,374	-	-	52,656,386
Charge for the financial year	359,237	77,441	31,032	143	32,189	1,146,239	35,948	34,104	-	826	1,717,159
Disposals	-	(171,776)	-	(200,000)	-	(9,938,532)	(87,661)	-	-	-	(10,397,969)
Written off	-	-	(2,036)	-	-	(5,034)	-	-	-	-	(7,070)
Transfer from right-of-use assets (Note 6)	-	-	-	274,642	-	-	-	-	-	-	274,642
Exchange differences	-	1,954	52	1,685	985	23,545	736	3,639	-	-	32,596
At 31 March 2022	5,721,648	856,418	1,059,884	536,804	582,684	33,346,020	1,884,343	287,117	-	826	44,275,744
Carrying amount											
At 31 March 2022	12,207,164	123,219	226,338	7,935	112,242	10,426,832	24,219	152,361	-	6,501	23,286,811

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

Company	Computer equipment RM	Furniture, fixtures and fittings RM	Office equipment RM	Renovation RM	Tools and equipment RM	Small value assets RM	Total RM
2023							
Cost							
At 1 April 2022	282,835	471,999	277,275	405,438	16,204	750	1,454,501
Additions	52,811	-	-	-	-	318	53,129
At 30 September 2023	335,646	471,999	277,275	405,438	16,204	1,068	1,507,630
Accumulated depreciation							
At 1 April 2022	244,371	458,673	235,410	376,411	14,717	746	1,330,328
Charge for the financial period	36,561	6,053	11,469	28,729	372	317	83,501
At 30 September 2023	280,932	464,726	246,879	405,140	15,089	1,063	1,413,829
Carrying amount							
At 30 September 2023	54,714	7,273	30,396	298	1,115	5	93,801
2022							
Cost							
At 1 April 2021	266,970	471,999	268,426	405,438	16,204	-	1,429,037
Additions	15,865	-	8,849	-	-	750	25,464
At 31 March 2022	282,835	471,999	277,275	405,438	16,204	750	1,454,501
Accumulated depreciation							
At 1 April 2021	214,133	453,766	228,310	349,898	14,469	-	1,260,576
Charge for the financial year	30,238	4,907	7,100	26,513	248	746	69,752
At 31 March 2022	244,371	458,673	235,410	376,411	14,717	746	1,330,328
Carrying amount							
At 31 March 2022	38,464	13,326	41,865	29,027	1,487	4	124,173

- (a) During the financial period, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,012,328 (2022: RM528,778) and RM53,129 (2022: RM25,464) respectively, which are satisfied by cash payments.
- (b) During the financial period, an impairment loss of RM794,673 was recognised in profit or loss as disclosed in Note 26, representing the write down of certain plant and equipment which are no longer in use. In addition, the Group has performed an impairment assessment of certain plant and machinery of a subsidiary, totalling RM4,524,002. The recoverable amount of these plant and machinery is determined using the market value approach, based on a recent valuation carried out by an independent valuer engaged by the management. No impairment is required in respect of the plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS

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6. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets including long-term leasehold land, warehouse and office and motor vehicle.

Information about lease for which the Group or the Company is lessee is presented below:

Group	Long-term leasehold land RM	Warehouse and office RM	Motor vehicle RM	Total RM
Cost				
At 1 April 2021	14,304,000	114,180	293,806	14,711,986
Transfer to property, plant and equipment (Note 5)	-	-	(298,057)	(298,057)
Exchange differences	-	-	4,251	4,251
At 31 March 2022	14,304,000	114,180	-	14,418,180
Addition	-	68,990	543,209	612,199
At 30 September 2023	14,304,000	183,170	543,209	15,030,379
Accumulated impairment loss				
At 1 April 2021	-	-	23,071	23,071
Transfer to property, plant and equipment (Note 5)	-	-	(23,405)	(23,405)
Exchange differences	-	-	334	334
At 31 March 2022/30 September 2023	-	-	-	-
Accumulated depreciation				
At 1 April 2021	2,235,388	63,875	270,725	2,569,988
Charge for the financial year	223,499	28,746	-	252,245
Transfer to property, plant and equipment (Note 5)	-	-	(274,642)	(274,642)
Exchange differences	-	-	3,917	3,917
At 31 March 2022	2,458,887	92,621	-	2,551,508
Charge for the financial period	341,139	48,666	77,781	467,586
At 30 September 2023	2,800,026	141,287	77,781	3,019,094
Carrying amount				
At 30 September 2023	11,503,974	41,883	465,428	12,011,285
At 31 March 2022	11,845,113	21,559	-	11,866,672

NOTES TO THE FINANCIAL STATEMENTS

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

Company	Long-term leasehold land RM
Cost	
At 1 April 2021/31 March 2022/30 September 2023	14,304,000
Accumulated depreciation	
At 1 April 2021	2,235,388
Charge for the financial year	223,499
At 31 March 2022	2,458,887
Charge for the financial period	341,139
At 30 September 2023	2,800,026
Carrying amount	
At 30 September 2023	11,503,974
At 31 March 2022	11,845,113

- (a) The Group and the Company lease long-term leasehold land and warehouse for their office space and operation site. The leases for office space and operation site generally have lease terms between 2 to 99 years (2022: 2 to 99 years).
- (b) The Group also leases motor vehicle with lease term of 5 years (2022: 3 years).
- (c) The remaining useful life of long-term leasehold land is 51 years (2022: 52 years).

7. INVESTMENT PROPERTIES

	Company	
	30.09.2023	31.03.2022
	RM	RM
Cost		
At beginning of the financial period/year	17,928,812	17,876,462
Additions	-	52,350
At end of the financial period/year	17,928,812	17,928,812
Accumulated depreciation		
At beginning of the financial period/year	5,721,648	5,362,411
Charge for the financial period/year	538,856	359,237
At end of the financial period/year	6,260,504	5,721,648
Carrying amount	11,668,308	12,207,164

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7. INVESTMENT PROPERTIES (CONT'D)

The investment properties of the Company are leased to subsidiaries, related parties and third-party customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1.5 to 30 years and an option that is exercisable by the subsidiaries to extend their leases for 1 to 5 years.

The following are recognised in profit or loss in respect of investment properties:

	Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM
Rental income	3,826,430	2,586,647
Direct operating expenses	292,561	206,450

Fair value information

Fair value of investment properties of the Company is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Company				
2023				
Land and buildings	-	-	51,250,000	51,250,000
2022				
Land and buildings	-	-	51,250,000	51,250,000

The fair values of the investment properties are within Level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

There were no Level 1 and Level 2 investment properties or transfers between Level 1 and Level 2 during the financial period/year ended 30 September 2023 and 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

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8. INTANGIBLE ASSETS

Group	Goodwill on consolidation (a) RM	Customer contract (b) RM	Total RM
Cost			
At 1 April 2022	-	-	-
Acquisition of a subsidiary	8,198,873	41,189,742	49,388,615
At 30 September 2023	8,198,873	41,189,742	49,388,615
Accumulated amortisation			
At 1 April 2022	-	-	-
Amortisation during the financial period (Note 26)	-	15,175,168	15,175,168
At 30 September 2023	-	15,175,168	15,175,168
Carrying Amount			
At 30 September 2023	8,198,873	26,014,574	34,213,447
At 31 March 2022	-	-	-

On 7 March 2023, the Company completed the acquisition of 100% equity interest in T&J Engineering Sdn. Bhd. ("TJE") as disclosed in Note 9(iv). The acquisition of TJE resulted in the recognition of intangible assets relating to customer contract of RM41,189,742 with corresponding deferred tax liabilities of RM9,885,538, and goodwill of RM8,198,873. These are provisional amounts as the purchase price allocation exercise in respect of the acquisition is still incomplete as at reporting date. The Group has up to one year from the acquisition date to identify and measure all assets acquired and liabilities assumed including any intangible and goodwill arising from this acquisition.

(a) Goodwill on consolidation

The carrying amount of goodwill allocated to cash-generating unit ("CGU") as follows:

	Group	
	30.09.2023	31.03.2022
	RM	RM
TJE	8,198,873	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

8. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (Cont'd)

For the purpose of impairment testing, goodwill acquired through business combination is allocated to the Group's cash generating units ("CGU"). The goodwill of the Group is allocated to the telecommunication network segment, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is also a reportable segment. Goodwill is assessed for impairment at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations applying cash flows forecast from financial budgets approved by management covering a five-year period.

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount. The estimated recoverable amount of the CGU significantly exceeds the carrying amount of the CGU. As a result of the analysis, management did not identify an impairment for the CGU.

The value-in-use calculation is most sensitive to the following key assumptions:

	Group	
	30.09.2023	31.03.2022
1. Discount rate	27%	-
2. Net profit margins	13% to 27%	-
3. Probabilities of expected revenue	10% to 50%	-

These key assumptions have been used for the analysis of the CGU. The values assigned to the key assumptions represent management's assessment of future events in the telecommunications network industry where the CGU operates from and are based on both external sources and internal sources, including historical and forward-looking data.

Net profit margins are the forecasted margins as a percentage of revenue over the five-year period. They are decreased over the forecast period for anticipated cost increases and inflationary pressure over the years.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow forecast is pre-tax and reflects management's estimate of the risks specific to the CGU at reporting date.

(b) Customer contract

The acquisition of TJE resulted in the recognition of the customer contract of RM41,189,742. The customer contract is amortised over the expected duration of the contract from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT IN SUBSIDIARIES

	Company	
	30.09.2023	31.03.2022
	RM	RM
Unquoted shares, at cost		
At beginning of the financial period/year	22,280,002	20,150,002
Additions		
- Increase in investment in subsidiaries	3,274,000	2,130,000
- Acquisition	56,135,683	-
	59,409,683	2,130,000
Disposal	(100,000)	-
	81,589,685	22,280,002
Equity contribution in respect of ESOS	3,570,437	3,570,437
At the end of the financial period/year	85,160,122	25,850,439

The details of the subsidiaries which are all incorporated in Malaysia, are as follows:

Name of company	Principal activities	Ownership interest	
		30.09.2023	31.03.2022
Opcom Cables Sdn. Bhd. ("OCSB")	Manufacturing of fiber optic cables, systems accessories and provision of engineering services.	70%	70%
Unigel Compounds Sdn. Bhd. ("UCSB")	Manufacturing and/or blending lubricant oil and oil related products and manufacturing and trading of cable filling and flooding compounds, and trading of industrial products.	100%	100%
Opcom Shared Services Sdn. Bhd. ("OSSSB")	Provision of human resources management services.	100%	100%
Opcom Engineering Services Sdn. Bhd. ("OESSB")	Provision of engineering services to telecommunications, power utility and transportation industries, and act as distribution agent and solution provider for telecommunications products in Malaysia.	90%	90%
T&J Engineering Sdn. Bhd.* ("TJE")	Providing engineering and construction in telecommunication industry.	100%	-
Opcom Trading Sdn. Bhd. ("OTSB")	General trading of fiber, other cable production material, provision of engineering services, and general trading of all sorts of building related materials.	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries which are all incorporated in Malaysia, are as follows: (Cont'd)

Name of company	Principal activities	Ownership interest	
		30.09.2023	31.03.2022
Opcom Vision Sdn. Bhd.* ("OVSB")	Dormant.	100%	60%
Opcom VC Sdn. Bhd.* ("OVCSB")	Dormant.	100%	-
Opcom Lube & Solutions Sdn. Bhd.* ("OLSSB")	Manufacturing and trading of lubrication oil and oil related products and manufacturing and trading of liquid solutions for construction and household uses.	-	100%

* Not audited by Ecovis Malaysia PLT

(i) Incorporation of subsidiaries

2023

- (a) On 15 June 2022, the Company had incorporated a 100% owned subsidiary, namely Opcom VC Sdn. Bhd. ("OVCSB") with an issued and paid-up capital of 1 ordinary shares of RM1 each. The intended principal activity of OVCSB are project management services which include supply of cables, hardware and accessories, engineering consultation, information technology software and services management.

2022

- (a) On 11 October 2021, the Company had incorporated a 60% owned subsidiary, namely Opcom Vision Sdn. Bhd. ("OVSB") with an issued and paid-up capital of 100,000 ordinary shares of RM1 each. The intended principal activity of OVSB is project management services which include supply of cables, hardware and accessories, engineering consultation, information technology software and services management and digital marketing & advertising.
- (b) On 18 February 2022, the Company had incorporated a 100% owned subsidiary, namely Opcom Lube & Solutions Sdn. Bhd. ("OLSSB") with an issued and paid-up capital of 50,000 ordinary shares of RM1 each. The intended principal activity of OLSSB is manufacturing of lubrication oil and oil related products, liquid solutions for construction and household uses.

(ii) Subscription for additional interests in subsidiaries

2023

- (a) On 30 June 2023, the Company acquired 40,000 ordinary shares in OVSB, representing a 40% equity interest in OVSB, for RM24,000, satisfied in cash. OVSB is now a wholly-owned subsidiary of the Company.
- (b) On 25 September 2023, the Company had subscribed for an additional 199,999 ordinary shares in OVCSB for a total cash consideration of RM199,999. The subscription does not change the effective equity interest held by the Company.
- (c) On 25 August 2022, the Company had subscribed for an additional 3,000,000 ordinary shares in Opcom Trading Sdn. Bhd. ("OTSB") for a total cash consideration of RM3,000,000. The subscription does not change the effective equity interest held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Subscription for additional interests in subsidiaries (Cont'd)

2022

- (a) On 13 October 2021, the Company had subscribed for an additional 20,000 ordinary shares in OTSB for a total cash consideration of RM20,000. The subscription does not change the effective equity interest held by the Company.
- (b) On 9 March 2022, the Company had subscribed for an additional 2,000,000 ordinary shares in OTSB for a total cash consideration of RM2,000,000. The subscription does not change the effective equity interest held by the Company.

(iii) Disposal of a subsidiary

2023

- (a) On 1 March 2023, the Company entered into a share sale agreement to dispose 40,000 ordinary shares in OLSSB, representing 40% equity interest in OLSSB, for RM40,000, satisfied by cash. The sale of shares was completed on 7 March 2023.
- (b) On 22 August 2023, the Company entered into a share sale agreement to dispose the remaining 60,000 ordinary shares in OLSSB, representing 60% equity interest in OLSSB, for RM48,000, satisfied by cash. The sale of shares was completed on 22 August 2023.

The effect of disposal of a subsidiary is as follows:

	Group	Company
	30.09.2023	30.09.2023
	RM	RM
Investment in subsidiaries	-	100,000
Property, plant and equipment	4,344	-
Inventory	1,478,916	-
Trade receivables	1,669,064	-
Other receivables	23,864	-
Cash and cash equivalents	272,057	-
Trade payables	(600,840)	-
Other payables	(2,982,318)	-
Carrying amount of net assets disposed of	(134,913)	100,000
Gain/(loss) on disposals of a subsidiary	222,913	(12,000)
Net disposals proceeds	88,000	88,000
Cash and cash equivalents of a subsidiary disposed of	(272,057)	-
Net cash (outflow)/inflows on disposals of a subsidiary	(184,057)	88,000

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Acquisition of subsidiary

On 19 September 2022, the Company entered into a conditional share sale agreement to acquire 6,500,000 ordinary shares in T&J Engineering Sdn. Bhd. ("TJE"), representing the entire equity interest in TJE for a total purchase consideration up to RM90.0 million. The purchase consideration is to be satisfied via a combination of cash (30%) and new ordinary shares issued by the Company (70%). The quantum of purchase consideration is subject to TJE meeting certain criteria and performance level in financial period/year ended/ending 31 March 2023 to 31 March 2025, as stipulated in the conditional share sale agreement.

On 7 March 2023, the Company completed the acquisition of TJE for purchase consideration of RM56,135,683 as follows:

	Group RM
Cash Consideration	4,500,000
Shares Consideration	8,537,107
Fair value of deferred consideration	43,098,576
	56,135,683

The fair values of the identifiable assets and liabilities of TJE at the date of acquisition were as follows:

	RM
Property, plant and equipments	239,745
Trade receivables	19,229,646
Other receivables	2,243,660
Cash and bank balances	11,021,784
Inventories	6,881,200
Trade payables	(14,608,445)
Other payables	(4,297,484)
Tax liabilities	(3,775,961)
Amount due to director	(301,539)
Net identifiable assets	16,632,606
Provisional goodwill arising from acquisition	8,198,873
Identifiable intangible assets (net of deferred tax)	31,304,204
Total purchase consideration	56,135,683

The purchase price allocation for this acquisition is still incomplete as the Company is currently finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to one year to complete such allocation. Accordingly, on a provisional basis, the Company has recognised intangible assets relating to customer contract of RM31,304,204, net of deferred tax and goodwill of RM8,198,873.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Acquisition of subsidiary (Cont'd)

The effect of the acquisition on cash flows of the Group is as follows:

Cash Consideration	4,500,000
Less: Cash and cash equivalents of subsidiary acquired	(11,021,784)
Net cash inflow from acquisition of subsidiary	6,521,784

The effect of the acquisition on the financial results of the Group from the date of acquisition to 30 September 2023 is as follows:

Revenue	74,738,868
Profit for the year	26,032,783

(v) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/ country of incorporation	Ownership interest	
		30.09.2023	31.03.2022
Opcom Cables Sdn. Bhd.	Malaysia	30%	30%
Opcom Engineering Services Sdn. Bhd.	Malaysia	10%	10%

Carrying amount of material non-controlling interests:

Name of company	30.09.2023	31.03.2022
	RM	RM
Opcom Cables Sdn. Bhd.	9,336,748	9,450,234
Opcom Engineering Services Sdn. Bhd.	563,900	224,995
	9,900,648	9,675,229

Profit or loss allocated to material non-controlling interests:

Name of company	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM
Opcom Cables Sdn. Bhd.	336,514	2,420,250
Opcom Engineering Services Sdn. Bhd.	338,906	37,580
	675,420	2,457,830

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(vi) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Company's subsidiaries that have material non-controlling interests are as follows:

	Opcom Cables Sdn. Bhd.	
	30.09.2023	31.03.2022
	RM	RM
Summarised statement of financial position		
Non-current assets	6,478,809	5,065,814
Current assets	33,336,633	39,652,153
Non-current liability	(1,954,982)	-
Current liabilities	(5,295,049)	(11,774,269)
Net assets	32,565,411	32,943,698
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
Summarised statement of comprehensive income		
Revenue	71,705,577	62,945,698
Profit for the financial period/year	1,121,713	8,067,499
Total comprehensive income	1,121,713	8,067,499
Summarised cash flow information		
Cash flows (used in)/from operating activities	(6,886,892)	17,937,412
Cash flows used in investing activities	(3,951,516)	(278,613)
Cash flows from/(used in) financing activities	264,789	(9,963,075)
Net (decrease)/increase in cash and cash equivalents	(10,573,619)	7,695,724
Dividends paid to non-controlling interests	450,000	192,000

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9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(vi) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Company's subsidiaries that have material non-controlling interests are as follows: (Cont'd)

	Opcom Engineering Services Sdn. Bhd.	
	30.09.2023	31.03.2022
	RM	RM
Summarised statement of financial position		
Non-current assets	499,422	352,502
Current assets	45,382,721	4,206,704
Non-current liability	(151,498)	(61,936)
Current liabilities	(39,154,123)	(1,309,805)
Net assets	6,576,522	3,187,465
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
Summarised statement of comprehensive income		
Revenue	37,010,754	14,891,222
Profit for the financial period/year	3,389,057	375,802
Total comprehensive income	3,389,057	375,802
Summarised cash flow information		
Cash flows from operating activities	94,656	11,073
Cash flows (used in)/from investing activities	(267,271)	7,326
Cash flows from/(used in) financing activities	92,303	(30,000)
Net decrease in cash and cash equivalents	(80,312)	(11,601)

10. INVESTMENT IN ASSOCIATES

		Group	
		30.09.2023	31.03.2022
		RM	RM
Unquoted shares, at cost		12,912,051	12,912,051
Share of post-acquisition reserves, net of dividend		3,228,283	3,873,879
Impairment loss	26	(14,333,061)	-
Foreign currency translation differences		5,810,414	3,709,293
Reclassified to non-current assets held for sale	17	(7,617,687)	-
		-	20,495,223

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10. INVESTMENT IN ASSOCIATES (CONT'D)

The details of the associates are as follows:

Name of associates	Principal place of business	Principal activities	Ownership interest	
			30.09.2023	31.03.2022
Associates of UCSB:				
Unigel IP Limited (“UIP”)*	Hong Kong	Provision of licensing services for intellectual property rights.	40%	40%
Unigel (UK) Limited (“Unigel (UK)”)*	United Kingdom	Manufacture and sale of cable filling and flooding compounds and associated pumping and delivery equipment.	40%	40%
Subsidiary of Unigel (UK):				
Unigel Incorporated*	United States of America	Manufacture of thixotropic gel.	100%	100%

* Audited by auditors other than Ecovis Malaysia PLT.

- (a) The financial year end of the associates is 31 December. In applying the equity method of accounting, the 18-month financial statements of the associates for the financial period ended 30 September 2023 have been used.
- (b) During the financial period, the Company recorded an impairment of RM14,333,061 in the statement of comprehensive income as a result of the shortfall arising from the lower recoverable amount of investment in an associate as compared to the carrying amount as at 30 September 2023. The recoverable amount was determined based on the fair value less costs to sell as at 30 September 2023, classified as Level 1 fair value.

The Directors of the Company have approved the disposal of Group's investment in Unigel (UK) and UIP. The associates are reclassified to non-current assets held for sale under current assets in the statement of financial position as disclosed in Note 17.

- (c) Summarised financial information of material associate:

	Unigel (UK)	
	30.09.2023	31.03.2022
	RM	RM
At 30 September/31 March		
Asset and liabilities		
Non-current assets	7,574,371	7,813,480
Current assets	21,885,274	30,094,404
Current liabilities	(16,307,686)	(24,682,816)
Net assets	13,151,959	13,225,068
18/12-Month Period Ended 30 September/31 March		
Results:		
Revenue	116,319,574	77,927,933
Profit for the financial period/year	2,623,724	2,170,330
Other comprehensive income	369,170	249,745
Total comprehensive income	2,992,893	2,420,076

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10. INVESTMENT IN ASSOCIATES (CONT'D)

(d) Reconciliations of information to the carrying amount of the Group's interest in the associates:

	Unigel (UK) RM	Other individual immaterial associate RM	Total RM
2023			
Group's share of results:			
Group's share of profit for the financial period/year	1,197,157	854,963	2,052,120
Group's share of other comprehensive income	147,668	-	147,668
Dividend income	1,576,025	945,000	2,521,025
Reconciliation of net assets to carrying amount:			
Group's share of net assets	5,260,784	269,079	5,529,863
Goodwill	16,420,885	-	16,420,885
Impairment loss	(14,333,061)	-	(14,333,061)
Reclassified to non-current assets held for sale	(7,348,608)	(269,079)	(7,617,687)
Carrying amount in the statements of financial position	-	-	-
	Unigel (UK) RM	Other individual immaterial associate RM	Total RM
2022			
Group's share of results:			
Group's share of profit for the financial year	968,030	736,866	1,704,896
Group's share of other comprehensive loss	99,898	-	99,898
Dividend income	342,156	456,208	798,364
Reconciliation of net assets to carrying amount:			
Group's share of net assets	5,290,027	358,920	5,648,947
Goodwill	14,846,276	-	14,846,276
Carrying amount in the statements of financial position	20,136,303	358,920	20,495,223

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Deferred tax assets/(liabilities)				
At the beginning of the financial period/year	(678,956)	(295,464)	(786,977)	(404,355)
Acquisition of a subsidiary	(9,902,077)	-	-	-
Recognised in profit or loss (Note 27)	3,424,799	(382,622)	(135,479)	(382,622)
Translation differences	(7,046)	(870)	-	-
At the end of the financial period/year	(7,163,280)	(678,956)	(922,456)	(786,977)

	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	55,019	-	-
Deferred tax liabilities	(7,163,280)	(733,975)	(922,456)	(786,977)
	(7,163,280)	(678,956)	(922,456)	(786,977)

Deferred tax assets/(liabilities) arose from the following temporary differences:

	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Deferred tax assets				
Provision	-	55,019	-	-
Deferred tax liabilities				
Differences between the carrying amounts of property, plant and equipment and their tax base	(903,243)	(1,726,474)	(922,456)	(786,977)
Intangible assets	(6,260,037)	-	-	-
Provision	-	992,499	-	-
	(7,163,280)	(733,975)	(922,456)	(786,977)
	(7,163,280)	(678,956)	(922,456)	(786,977)

NOTES TO THE FINANCIAL STATEMENTS

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11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	30.09.2023	31.03.2022
	RM	RM
Unabsorbed capital allowances	1,667,369	2,210,907
Unused tax losses	8,958,047	7,023,605
Other deductible differences	148,249	3,023,537
	10,773,665	12,258,049

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	30.09.2023	31.03.2022
	RM	RM
2028	232,209	-
2029	2,182,572	442,216
2030	5,092,170	5,092,170
2031	-	-
2032	1,451,096	1,489,219
	8,958,047	7,023,605

12. INVENTORIES

	Group	
	30.09.2023	31.03.2022
	RM	RM
At cost		
Raw materials	4,011,324	5,401,854
Work-in-progress	163,804	8,306
Finished goods	12,286,102	5,407,916
	16,461,230	10,818,076

NOTES TO THE FINANCIAL STATEMENTS

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12. INVENTORIES (CONT'D)

	Group	
	30.09.2023	31.03.2022
	RM	RM
At net realisable value		
Raw materials	703,591	-
Finished goods	40,162	72,591
	743,753	72,591
Total	17,204,983	10,890,667
Recognised in profit or loss:		
Inventories recognised as cost of sales	87,578,604	58,586,625
Inventories written down/(back)	49,585	(439,647)

13. TRADE RECEIVABLES

		Group	
		30.09.2023	31.03.2022
	Note	RM	RM
Current			
Third parties		75,014,570	13,108,007
Contract asset	b	32,206,154	-
Amounts owing by associates	c	4,182,440	8,263,824
Less: impairment losses	d	(848,296)	(538,381)
Trade receivables, net		110,554,868	20,833,450

- (a) The normal credit terms offered by the Group ranging from 30 to 120 days (2022: 30 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis. A trade receivable of the Group amounting to RM28.5 million is expected to be repaid by 31 July 2024.
- (b) The Group issues progress billings to customers when the billing milestones are attained. The Group recognises revenue as performance obligation is satisfied over time.

Movement of contract assets during the financial period/year:

	Group	
	2023	2022
	RM	RM
At 1 April 2022/1 April 2021	-	-
Revenue recognised during the financial period/year	74,738,868	-
Progress billings issued during the financial period/year	(42,532,714)	-
At 30 September 2023/31 March 2022	32,206,154	-

The contract asset arose from the acquisition of T&J Engineering Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

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13. TRADE RECEIVABLES

- (c) The amounts owing by associates are denominated in United States Dollar.
- (d) Receivables that are impaired

The Group' trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	30.09.2023	31.03.2022
	RM	RM
At beginning of the financial period/year	538,381	888,381
Provision/(Reversal) of impairment losses (Note 26)	309,915	(350,000)
At end of the financial period/year	848,296	538,381

- (e) The information about the credit exposures are disclosed in Note 32(i).

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		30.09.2023	31.03.2022	30.09.2023	31.03.2022
	Note	RM	RM	RM	RM
Non-current					
Other receivables	a	1,042,565	-	-	-
Current					
Advances to suppliers		381,440	653,114	-	-
Other receivables	a	20,377,356	417,111	6,040,423	77,878
Deposits		159,818	111,509	112,009	111,509
Prepayments		615,013	929,712	64,509	99,981
Amounts owing by related parties		105,140	-	-	-
Amounts owing by subsidiaries	b	-	-	71,984,960	4,039,081
		21,638,767	2,111,446	78,201,901	4,328,449
Total		22,681,332	2,111,446	78,201,901	4,328,449

- (a) An other receivable of the Group amounting to RM10.4 million is expected to be repaid by 31 July 2024.

Included in other receivables of the Group is an amount of RM1.3 million which will be repaid by instalment until September 2026.

- (b) Amounts owing by subsidiaries are unsecured, interest-free and repayable upon demand in cash.

NOTES TO THE FINANCIAL STATEMENTS

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15. OTHER INVESTMENT

	Group	
	30.09.2023	31.03.2022
	RM	RM
Short-term investment	7,700,000	-
Impairment loss during the financial period (Note 26)	(330,868)	-
	7,369,132	-

The short term investment is placed with a licensed corporations which is a licensed peer-to-peer financing platform registered with Securities Commission Malaysia and bear interest at rates ranging from 11.00% to 12.25%. During the financial period, impairment loss is provided based on the probability of default at average rates ranging from 1.85% to 5.92%

16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Cash and bank balances	61,085,037	61,190,916	9,097,333	47,693,929
Deposits placed with licensed banks	16,382,355	30,390,445	-	16,112,496
Cash and cash equivalents as reported in the statements of financial position	77,467,392	91,581,361	9,097,333	63,806,425
Less:				
Pledged deposits (Note 20)	(12,048,155)	-	-	-
Bank overdrafts (Note 20)	(18,842,593)	-	-	-
Cash and cash equivalents as reported in the statements of cash flows	46,576,644	91,581,361	9,097,333	63,806,425

The short-term deposits of the Group and of the Company are placed with licensed banks with maturity period of less than 3 months and bear interest at rates ranging from 0.25% to 2.35% (2022: 0.25% to 1.70%) per annum and 1.5% to 2.40% (2022: 1.25% to 1.60% %) per annum respectively.

Deposits with licensed banks of the Group amounting to RM12.1 million (2022: nil) are on lien for bank facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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17. NON-CURRENT ASSET HELD FOR SALES

On 11 September 2023, the board of directors approved the divestment in UIP and Unigel (UK), which are investment in associates (Note 10) by a wholly owned subsidiary of the Company, Unigel Compounds Sdn Bhd, as part of the Group's business diversification.

On 23 January 2024, Unigel Compounds Sdn. Bhd. had entered into share sale agreements to dispose 400,000 ordinary shares and 400 ordinary shares in Unigel (UK) and UIP respectively, representing 40% equity interest in Unigel (UK) and UIP, for GBP1,300,000 and GBP400,000 respectively, to be satisfied by cash ("proposed disposal"). The proposed disposal is subject to the approval of Bursa Malaysia Securities Berhad and the shareholders of the Company as disclosed in Note 34(b).

Accordingly, the investment in associates are reclassified as non-current assets held for sale under current assets in the statements of financial position.

During the financial period, impairment loss amounting to RM14,333,061 in respect of investment in associates has been recognised in the profit or loss.

18. SHARE CAPITAL

	Company			
	Number of ordinary shares		Amounts	
	30.09.2023 Unit	31.03.2022 Unit	30.09.2023 RM	31.03.2022 RM
Issued and fully paid-up:				
At beginning of the financial period/year	279,087,237	161,249,937	100,412,906	32,249,987
Issuance of shares pursuant to:				
- private placement	27,908,700	69,337,300	18,992,290	31,809,934
- ESOS	-	48,500,000	-	36,352,985
- acquisition of a subsidiary	77,026,531	-	51,222,643	-
At the end of the financial period/year	384,022,468	279,087,237	170,627,839	100,412,906

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial period/year, the Company:

- increased its issued and paid-up ordinary share capital from RM100,412,906 to RM119,405,196 by way of private placement of 27,908,700 new ordinary shares for a total cash consideration of RM18,992,290; and
- issued 77,026,531 new ordinary shares at RM0.665 per share as part of the purchase consideration for the acquisition of 100% equity in T&J Engineering Sdn. Bhd. as disclosed in Note 9(iv).

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES

Note	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Non-distributable:				
Capital reserve	3,283	3,283	-	-
Share option reserve (a)	1,410,195	1,410,195	1,410,195	1,410,195
Translation reserve (b)	7,423,798	3,469,469	-	-
Other reserve (c)	(42,685,536)	-	(42,685,536)	-
	(33,848,260)	4,882,947	(41,275,341)	1,410,195

(a) Share option reserve

The share option reserve comprises the cumulative value of services received from directors and employees for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire/lapse, the amount from the share option reserve is transferred to retained earnings.

Share options are granted to eligible directors and employees. The options granted are vested immediately and settlement is by issuance of fully paid ordinary shares. The option price is based on the weighted average of the market prices of the Company's ordinary shares in the last five trading days before the grant date. The contractual term of each option granted is five years. There are no cash settlement alternatives. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

Movement of share options during the financial period/year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Company	
	Number	WAEP
	30.09.2023	30.09.2023
	Unit'000	RM
At beginning/end of the financial period	19,000	0.6804
Exercisable at the end of the financial period	19,000	0.6804

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

19. RESERVES (CONT'D)

(a) Share option reserve (Cont'd)

Movement of share options during the financial period/year (Cont'd)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options: (Cont'd)

	Company	
	Number	WAEP
	30.09.2023 Unit'000	30.09.2023 RM
At beginning of the financial year	-	-
Granted on 21 September 2021	68,000	0.6804
Exercised during the year	(48,500)	0.6804
Lapsed	(500)	0.6804
At end of the financial year	19,000	0.6804
Exercisable at the end of the financial year	19,000	0.6804

The options outstanding at 30 September 2023 have exercise price of RM0.6804 (31 March 2022: RM0.6804) and the weighted average remaining contractual life for the share options outstanding as at 30 September 2023 is 2.98 years (31 March 2022: 4.48 years).

The fair value of the share options granted were determined using the Black Scholes Options Pricing model, and the inputs were:

	Grant date
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	0.7135
Weighted average share price (RM)	0.7894
Annualised volatility (%)	62.16%
Risk-free rate (%)	1.76%
Exercise price (RM)	0.6804
Time to maturity (years)	0.0833
Dividend yield	2.015%

The expected volatility reflected the assumption that the historical volatility was an indication of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES (CONT'D)

(b) Translation Reserve

The translation reserve arose from the translation of the financial statements of a subsidiary and associates whose functional currencies are different from the Group's presentation currency.

(c) Other Reserve

The other reserve relates to shares issued under share sale agreement for the acquisition of T&J Engineering Sdn. Bhd..

20. LOANS AND BORROWINGS

		Group	
		30.09.2023	31.03.2022
	Note	RM	RM
Non-current			
Lease liabilities	c	296,554	-
Current			
Bank borrowings			
- Invoice Financing	a	2,181,057	-
- Commodity Financing	a	6,000,000	-
Bank overdraft	b	18,842,593	-
Lease liabilities	c	119,755	22,167
		27,143,405	22,167
Total loans and borrowings:			
Bank borrowings		27,023,650	-
Lease liabilities		416,309	22,167
		27,439,959	22,167

		Company	
		30.09.2023	31.03.2022
	Note	RM	RM
Current			
Bank borrowings			
- Commodity Financing	(a)	6,000,000	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

20. LOANS AND BORROWINGS (CONT'D)

(a) Bank borrowing

Invoice Financing

The Invoice Financing is secured by a fixed deposit pledge (Note 16) and is guaranteed by the directors of a subsidiary.

Commodity Financing

The Commodity Financing is secured by corporate guarantee from subsidiaries of the Company namely Opcom Cables Sdn. Bhd. and Opcom Vision Sdn. Bhd.

The weighted average effective interest rate of the bank borrowings of the Group and of the Company at the end of the reporting period is 4.63% (2022: nil).

(b) Bank overdraft

The bank overdraft is secured by a fixed deposit pledge (Note 16) and is guaranteed by the directors of a subsidiary with interest rate charges of 1.75% (2022: nil) per annum above base financing rate.

(c) Lease liabilities

The incremental borrowing rates applied to the lease liabilities range from 2.33% to 4.50% (2022: 4.50%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	30.09.2023	31.03.2022
	RM	RM
Minimum lease payments:		
Not later than one year	128,592	22,500
Later than one year and not later than 5 years	307,533	-
	436,125	22,500
Less: Future finance charges	(19,816)	(333)
Present value of minimum lease payments	416,309	22,167
Present value of minimum lease payments:		
Not later than one year	119,755	22,167
Later than one year and not later than 5 years	296,554	-
	416,309	22,167
Less: Amount due within 12 months	(119,755)	(22,167)
Amount due after 12 months	296,554	-

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

21. TRADE PAYABLES

	Group	
	30.09.2023	31.03.2022
	RM	RM
Third parties	18,440,665	7,743,997
Related parties	-	60,125
	18,440,665	7,804,122

The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days).

22. OTHER PAYABLES AND ACCRUALS

		Group		Company	
		30.09.2023	31.03.2022	30.09.2023	31.03.2022
	Note	RM	RM	RM	RM
Non-current					
Deferred consideration	(d)	26,348,305	-	26,348,305	-
Current					
Amounts owing to subsidiaries	(a)	-	-	-	1,618,442
Amounts owing to related parties	(b)	27,929	-	-	-
Amounts owing to director	(c)	35,767	-	-	-
Other payables		861,606	2,513,706	73,134	193,054
Accruals		2,387,224	2,540,731	928,324	154,487
Deferred consideration	(d)	17,640,426	-	16,750,271	-
		20,952,952	5,054,437	17,751,729	1,965,983
Total		47,301,257	5,054,437	44,100,034	1,965,983

- (a) The amounts owing to subsidiaries are unsecured, interest-free and repayable upon demand in cash.
- (b) The amounts owing to related parties are unsecured, interest-free and repayable upon demand in cash.
- (c) The amounts owing to director are unsecured, interest-free and repayable upon demand in cash.
- (d) Deferred consideration payable by the Company amounting to RM43,988,731 (2022: nil) represents the purchase consideration for acquisition of T&J Engineering Sdn. Bhd. which is contingent on certain criteria being met.

NOTES TO THE FINANCIAL STATEMENTS

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23. REVENUE

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Revenue from contract customers:				
<i>Recognised at point in time:</i>				
Sale of cables	38,883,055	42,677,226	-	-
Sale of accessories	34,995,023	9,307,365	-	-
Sale of oil based industrial materials	27,241	2,378,549	-	-
Sale of lubricant	5,869,566	-	-	-
Sale of thixotropic gel	31,003,536	19,970,499	-	-
Engineering services income	3,470,354	-	-	-
Other services income	21,704,619	12,033,228	-	-
	135,953,394	86,366,867	-	-
<i>Recognised over time:</i>				
Construction contract	74,738,868	-	-	-
Engineering services income	6,523,131	597,422	-	-
	81,261,999	597,422	-	-
Revenue from other sources:				
Rental income from subsidiaries	-	-	3,508,800	2,377,200
Rental income from third parties	317,631	209,447	317,630	209,447
Dividend income from subsidiaries	-	-	3,050,000	448,000
	317,631	209,447	6,876,430	3,034,647
	217,533,024	87,173,736	6,876,430	3,034,647

NOTES TO THE FINANCIAL STATEMENTS

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24. OTHER INCOME

Note	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Interest income	3,289,991	813,974	1,694,014	474,448
Interest income arising from unwinding of discount				
- trade receivables	722,004	-	-	-
- other receivables	363,877	-	-	-
Gain on foreign currency:				
- realised	1,055,791	29,782	-	-
- unrealised	8,498	73,786	-	-
Gain on disposal of:				
- property, plant and equipment	258,545	161,299	-	-
- a subsidiary	9(iii) 222,913	-	-	-
Reversal of impairment losses on trade receivables	14,058	-	-	-
Others	1,039,034	475,395	968	30
	6,974,711	1,554,236	1,694,982	474,478

25. FINANCE COSTS

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Interest expenses:				
- bank borrowing	845,015	16,671	28,945	-
- lease liabilities	9,339	1,582	-	-
Others	41,682	1,420	36,568	-
	896,036	19,673	65,513	-

NOTES TO THE FINANCIAL STATEMENTS

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26. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Note	Group		Company	
		01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM	01.04.2022 to 30.09.2023 RM	01.04.2021 to 31.03.2022 RM
Auditors' remuneration:					
Audit fee:					
- Ecovis Malaysia PLT		440,000	-	165,000	-
- Other auditors		570,250	173,000	315,500	48,000
Non-audit fees					
- Ecovis Malaysia PLT		7,000	-	7,000	-
- Other auditors		5,000	5,000	5,000	5,000
Amortisation of intangible asset	8	15,175,168	-	-	-
Impairment loss on investment in associates	10	14,333,061	-	-	-
Depreciation of investment properties	7	-	-	538,856	359,237
Depreciation of property, plant and equipment	5	2,460,407	1,717,159	83,501	69,752
Depreciation of right-of-use assets	6	467,586	252,245	341,139	223,499
Employee benefits expenses	(a)	12,496,389	11,446,170	386,500	1,504,243
Expenses relating to short-term leases and low value assets		30,773	26,380	-	-
Loss/(Gain) on foreign exchange:					
- realised		316,756	(130,987)	-	-
- unrealised		21,647	(53,745)	-	-
(Gain)/Loss on disposal of subsidiary	9(iii)	(222,913)	-	12,000	-
Modification loss on financial assets		3,621,971	-	-	-
Impairment losses on property, plant and equipment	5	794,673	-	-	-
Impairment loss on short term investment	15	330,868	-	-	-
Impairment loss/(Reversal of impairment losses) on trade receivables	13	309,915	(350,000)	-	-
Property, plant and equipment written off		-	26,416	-	-
Inventories written down/(back)	12	49,585	(439,647)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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26. PROFIT/(LOSS) BEFORE TAX (CONT'D)

(a) Employee benefits expenses:

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Salaries, wages, bonuses and others	11,383,598	5,979,656	377,500	217,000
Defined contribution plan	1,112,791	608,834	9,000	-
Share-based payment expense	-	4,857,680	-	1,287,243
	12,496,389	11,446,170	386,500	1,504,243

(b) Included in employee benefits expenses are the following directors' remuneration:

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Executive:				
- fees	132,000	77,552	60,000	16,600
- salaries, bonuses and other benefits	2,400,088	742,029	25,500	7,500
- Defined contribution plan	287,492	97,142	-	-
- Share-based payment expense	-	1,901,480	-	-
	2,819,580	2,818,203	85,500	24,100
Non-executive:				
- fees	144,000	105,400	144,000	105,400
- salaries, bonuses and other benefits	157,000	87,500	157,000	87,500
- Share-based payment expense	-	1,054,700	-	1,054,700
	301,000	1,247,600	301,000	1,247,600
Total directors' remuneration	3,120,580	4,065,803	386,500	1,271,700

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27. TAX EXPENSE

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Statements of comprehensive income				
Current tax:				
- Current income tax charge	10,777,362	821,498	502,212	193,569
- Adjustment in respect of prior years	437,071	(42,147)	980	3
	11,214,433	779,351	503,192	193,572
Deferred tax (Note 11)				
- (Reversal)/Origination of temporary differences	(3,484,799)	73,114	135,479	73,114
- Adjustment in respect of prior years	60,000	309,508	-	309,508
	(3,424,799)	382,622	135,479	382,622
Tax expense	7,789,634	1,161,973	638,671	576,194

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit/(loss) for the financial period/year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Profit/(Loss) before tax	10,982,961	7,561,223	2,250,164	(174,302)
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	2,635,911	1,814,694	540,039	(41,832)
Tax effects arising from:				
Share of results in associates	(492,509)	(409,175)	-	-
Non-deductible expenses	5,777,300	1,428,418	829,652	416,035
Non-taxable income	(271,886)	(186,730)	(732,000)	(107,520)
Deferred tax assets not recognised during the financial period/year	708,897	443,566	-	-
Utilisation of previously unrecognised deferred tax assets	(1,065,150)	(2,196,161)	-	-
Adjustments in respect of prior years:				
- current tax	437,071	(42,147)	980	3
- deferred tax	60,000	309,508	-	309,508
Tax expense	7,789,634	1,161,973	638,671	576,194

NOTES TO THE FINANCIAL STATEMENTS

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28. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
Profit attributable to owners of the Company (RM)	2,528,560	3,946,456
Weighted average number of ordinary shares for basic earnings per share	319,153,005	220,699,131
Basic earnings per share (sen)	0.79	1.79

(b) Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
Profit attributable to owners of the Company (RM)	2,528,560	3,946,456
Weighted average number of ordinary shares for basic earnings per share	319,153,005	220,699,131
Effect of dilution from share option	2,623,512	2,623,512
Weighted average number of ordinary shares for diluted earnings per share	321,776,517	223,322,643
Diluted earnings per ordinary shares (sen)	0.79	1.77

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements other than the issuance of 19,000,000 ordinary shares pursuant to the exercise of ESOS.

29. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS

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29. RELATED PARTIES (CONT'D)

(a) Identity of related parties (Cont'd)

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associates;
- (iii) Entities in which certain directors have financial interests; and
- (iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Subsidiaries:				
- Dividend income	-	-	(3,050,000)	(448,000)
- Rental income	-	-	(3,508,800)	(2,377,200)
- Administrative fee	-	-	1,872,000	912,000
Associates:				
- Sales	(30,301,805)	(21,535,475)	-	-
- Dividend income	(2,521,025)	(798,364)	-	-
- Interest income	(136,436)	(114,497)	-	-
- Other income	(64,507)	-	-	-
- Purchases	1,726,245	1,627,648	-	-
- Commission	-	134,523	-	-
Related parties:				
- Sales	(498,669)	-	-	-
- Supply of services	34,180	-	-	-
- Purchases	1,520,548	9,463	-	-
- Rental of motor vehicle	3,789	-	-	-
- Purchase of plant and equipment	-	135,530	-	-

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29. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

Key management personnel including personnel having authority and responsibility for planning, directing and controlling the activities of the entities directly or indirectly, including any director of the Group and of the Company.

The remuneration of key management personnel is as follows:

	Group		Company	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM	RM	RM
Fees	276,000	182,952	204,000	122,000
Salaries, bonuses and other benefits	3,262,549	1,260,135	182,500	95,000
Defined contribution plan	371,183	148,936	-	-
Share-based payment expense	-	3,635,280	-	1,054,700
	3,909,732	5,227,303	386,500	1,271,700

30. SEGMENT INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:

Segments	Products and services
Manufacturing	Involved in the manufacturing of fiber optic cables, systems accessories and thixotropic gel.
Trading and engineering services	Trading of cable filling, flooding compounds, industrial products and building materials as well as provision of engineering services
Tele-communication network	Supply, construct and delivery of tower structures and its ancillaries for the purpose of the provisioning of public cellular services to end-users
Others operations	Management services and investment holding.

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group's Executive Committee believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding deferred tax assets and investment in associates) of a segment, as included in the internal reports that are reviewed by the Group's Executive Committee.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding deferred tax liabilities) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Committee.

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30. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Trading and engineering services RM	Tele- communication Network RM	Other operations RM	Adjustments and eliminations RM	Consolidation RM
01.04.2022 to 30.09.2023							
Revenue							
External revenue		83,351,647	59,124,878	74,738,868	317,631	-	217,533,024
Inter-segment revenue	(a)	1,472,328	17,961,374	-	12,542,800	(31,976,502)	-
Total revenue		84,823,975	77,086,252	74,738,868	12,860,431	(31,976,502)	217,533,024
Results							
<i>Included in the measure of segment profit are:</i>							
Depreciation of right- of-use assets		2,879,972	49,488	-	418,099	(2,879,973)	467,586
Depreciation of property, plant and equipment		1,799,120	91,606	33,850	622,356	(86,525)	2,460,407
Gain on disposal of property, plant and equipment		(258,545)	-	-	-	-	(258,545)
Loss on foreign exchange:							
- realised		234,585	82,171	-	-	-	316,756
- unrealised		21,647	-	-	-	-	21,647
Interest expense		124,086	104,653	589,696	35,946	-	854,354
Interest income		(767,467)	(1,835,869)	(56,001)	(1,716,535)	-	(4,375,872)
Inventories written down		49,585	-	-	-	-	49,585
Modification loss on financial assets		100,747	2,631,069	890,155	-	-	3,621,971
Amortisation of intangible asset		-	-	15,175,168	-	-	15,175,168
Impairment losses on property, plant and equipments		794,673	-	-	-	-	794,673
Impairment loss on investment in associates		14,333,061	-	-	-	-	14,333,061
Impairment losses on short term investment		-	330,868	-	-	-	330,868
Impairment losses on trade receivable		73,128	-	236,787	-	-	309,915

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30. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Trading and engineering services RM	Tele- communication Network RM	Other operations RM	Adjustments and eliminations RM	Consolidation RM
01.04.2022 to 30.09.2023 (Cont'd)							
<i>Not included in the measure of segment profit but provided to Group's Executive Committee are:</i>							
Share of result of equity-accounted associates		2,052,120	-	-	-	-	2,052,120
Segment profit before tax	(b)	2,516,103	4,962,306	34,930,293	2,377,471	(33,803,212)	10,982,961
30.09.2023							
Assets							
Addition to non- current assets excluding deferred tax assets and investment in associates	(c)	840,745	296,832	50,394,791	472,908	-	52,005,276
Segment assets	(d)	67,759,704	17,244,838	118,679,619	237,841,413	(131,878,121)	309,647,453
Liabilities							
Segment liabilities	(e)	9,560,478	5,260,114	48,934,437	90,935,303	(47,003,941)	107,686,391

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30. SEGMENT INFORMATION (CONT'D)

		Manufacturing	Trading and engineering services	Other operations	Adjustments and eliminations	Consolidation
	Note	RM	RM	RM	RM	RM
01.04.2021 to 31.03.2022						
Revenue						
External revenue		72,595,302	14,368,987	209,447	-	87,173,736
Inter-segment revenue	(a)	776,302	12,555,463	5,681,200	(19,012,965)	-
Total revenue		73,371,604	26,924,450	5,890,647	(19,012,965)	87,173,736
Results						
<i>Included in the measure of segment profit are:</i>						
Depreciation of right-of-use assets		1,940,225	28,745	223,500	(1,940,225)	252,245
Depreciation of property, plant and equipment		1,298,671	47,183	69,752	301,553	1,717,159
Share-based payment expenses		2,385,183	937,519	1,534,978	-	4,857,680
Gain on disposal of property, plant and equipment		-	-	(161,299)	-	(161,299)
(Gain)/Loss on foreign exchange:						
- realised		(101,205)	(29,782)	-	-	(130,987)
- unrealised		(53,745)	-	-	-	(53,745)
Interest expense		11,622	11,742	-	(5,111)	18,253
Interest income		(315,013)	(17,335)	(481,626)	-	(813,974)
Inventories written down		(439,647)	-	-	-	(439,647)
Property, plant and equipment written off		18,886	7,530	-	-	26,416
Reversal of impairment losses on trade receivable		(350,000)	-	-	-	(350,000)

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30. SEGMENT INFORMATION (CONT'D)

		Manufacturing	Trading and engineering services	Other operations	Adjustments and eliminations	Consolidation
	Note	RM	RM	RM	RM	RM
01.04.2021 to 31.03.2022 (Cont'd)						
<i>Not included in the measure of segment profit but provided to Group's Executive Committee are:</i>						
Share of result of equity- accounted associates		1,704,896	-	-	-	1,704,896
Segment profit before tax	(b)	7,625,757	1,002,357	33,338	(1,100,229)	7,561,223

31.03.2022

Assets

Addition to non-current assets excluding deferred tax assets and investment in associates	(c)	440,955	10,009	77,814	-	528,778
Segment assets	(d)	87,721,678	4,559,206	122,556,603	(33,177,996)	181,659,491

Liabilities

Segment liabilities	(e)	20,878,651	1,371,741	3,047,128	(11,396,038)	13,901,482
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Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

- (a) Inter-segment revenues are eliminated on consolidation.
- (b) Inter-segment transactions are eliminated on consolidation.
- (c) Additions to non-current assets (excluding deferred tax assets and investment in associates) consists of:

		Group	
	Note	30.09.2023 RM	31.03.2022 RM
Property, plant and equipment	5	2,004,462	528,778
Right-of-use assets	6	612,199	-
Intangible assets	8	49,388,615	-
		52,005,276	528,778

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

- (d) The following items are deducted from segment assets to arrive at total assets reported in the Group's statement of financial position:

	Group	
	30.09.2023	31.03.2022
	RM	RM
Investment in associates	-	3,840,605
Inter-segment assets	(131,878,121)	(37,018,601)
	(131,878,121)	(33,177,996)

- (e) The following items are deducted from segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	Group	
	30.09.2023	31.03.2022
	RM	RM
Deferred tax liabilities	-	(175,921)
Inter-segment liabilities	(47,003,941)	(11,220,117)
	(47,003,941)	(11,396,038)

Geographical information

Revenue based on geographical location of customers are as follows:

	Group	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM
Malaysia	187,396,901	64,902,620
United Kingdom	30,136,123	21,555,440
China	-	315,739
Others	-	399,937
	217,533,024	87,173,736

The Group operates predominantly in Malaysia and accordingly, the non-current assets of the Group are located in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

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30. SEGMENT INFORMATION (CONT'D)

Information about major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

		Group		Group
	01.04.2022 to 30.09.2023	Segment	01.04.2021 to 31.03.2022	Segment
	RM		RM	
Customer 1	74,738,868	Tele-communication network	38,408,198	Manufacturing
Customer 2	30,136,123	Trading and engineering services	21,528,970	Manufacturing
Customer 3	27,532,490	Manufacturing	10,309,129	Trading and engineering services

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Group		Company	
	30.09.2023	31.03.2022	30.09.2023	31.03.2022
	RM	RM	RM	RM
Amortised cost				
Financial assets				
Trade receivables	78,348,714	20,833,450	-	-
Other receivables and deposits, net of advances to suppliers and prepayments	21,684,879	528,620	78,137,392	4,228,468
Other investment	7,369,132	-	-	-
Deposits, cash and bank balances	77,467,392	91,581,361	9,097,333	63,806,425
	184,870,117	112,943,431	87,234,725	68,034,893
Financial liabilities				
Trade payables	18,440,665	7,804,122	-	-
Other payables and accruals	47,301,257	5,054,437	44,100,034	1,965,983
Loans and borrowings	27,439,959	22,167	6,000,000	-
	93,181,881	12,880,726	50,100,034	1,965,983

(b) Fair value measurement

The carrying amounts of other investments, deposits, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk and liquidity risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments and contract asset should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables and contract asset) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Trade receivables and contract asset

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract asset is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract asset is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables and contract asset, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract asset by industry sector profile on an ongoing basis. At the end of the reporting period, approximately 86% (2022: 80%) of the Group's trade receivables and contract asset was due from two (2022: two) major customers.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risks characteristics and the days past due.

For construction contract, as there is only one customer, the Group assessed the risk of loss of the customer based on the financial information, past trend of payments and external credit ratings, where applicable. This customer has a low risk of default.

The information about the credit risk exposure on the Group's trade receivable is as follows:

	30.09.2023 RM	31.03.2022 RM
Group		
Current	53,249,794	13,908,817
1 to 30 days past due	6,911,934	3,002,209
31 to 60 days past due	9,759,022	2,758,245
61 to 90 days past due	453,508	114,832
91 to 120 days past due	6,557,564	280,243
More than 121 days past due	1,416,892	769,104
	78,348,714	20,833,450
Impaired - individually	848,296	538,381
Trade receivables	79,197,010	21,371,831
Contract asset	32,206,154	-
	111,403,164	21,371,831

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial asset are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will considers the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible. Refer to Note 3.17(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM8,734,891 (2022: RM6,145,034) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32(iv). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

(ii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency).

The Group has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currency of the Group entities, primarily in United States Dollar ("USD"). The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	United States Dollar	
	30.09.2023	31.03.2022
	RM	RM
Group		
Assets		
Trade receivables	1,917,381	13,066
Deposit, cash and bank balances	749,189	672,690
	2,666,570	685,756
Liabilities		
Trade payables	2,339,736	4,498,040
Other payables and accruals	-	146,273
	2,339,736	4,644,313
Net exposure	(326,834)	3,958,557

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant on the Group's profit for the financial period/year.

	Effect on profit for the financial period	
	Group	
	01.04.2022 to 30.09.2023	01.04.2021 to 31.03.2022
	RM	RM
USD/RM		
- strengthened by 5%	12,420	(150,425)
- weakened by 5%	(12,420)	150,425

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial liabilities and financial asset. Interest bearing financial liabilities includes bank borrowings. Interest-bearing financial asset includes short-term deposits placed with licensed banks at fixed rate expose the Group to fair value interest rate risk.

The exposure to interest rate risk of the Group is not material and therefore, sensitivity analysis is not presented.

(iv) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade payables, other payables and loans and borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through certain committed credit facilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Contractual undiscounted cash flows				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
30.09.2023					
Group					
Financial liabilities:					
Trade payables	18,440,665	18,440,665	-	-	18,440,665
Other payables and accruals	47,301,257	21,585,491	28,308,512	-	49,894,003
Bank borrowings	27,023,650	27,166,402	-	-	27,166,402
Lease liabilities	416,309	128,592	307,533	-	436,125
	93,181,881	67,321,150	28,616,045	-	95,937,195

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

32. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (Cont'd)

	Contractual undiscounted cash flows				
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
30.09.2023 (Cont'd)					
Company					
Financial liabilities:					
Other payables and accruals	44,100,034	18,184,268	28,308,512	-	46,492,780
Bank borrowings	6,000,000	6,115,781	-	-	6,115,781
Bank guarantee utilised by certain subsidiaries*	-	8,734,891	-	-	8,734,891
	50,100,034	33,034,940	28,308,512	-	61,343,452
31.03.2022					
Group					
Financial liabilities:					
Trade payables	7,804,122	7,804,122	-	-	7,804,122
Other payables and accruals	5,054,437	5,054,437	-	-	5,054,437
Lease liabilities	22,167	22,500	-	-	22,500
	12,880,726	12,881,059	-	-	12,881,059
Company					
Financial liabilities:					
Other payables and accruals	1,965,983	1,965,983	-	-	1,965,983
Bank guarantee utilised by certain subsidiaries*	-	6,145,034	-	-	6,145,034
	1,965,983	8,111,017	-	-	8,111,017

* The Company provides unsecured corporate guarantee to banks in respect of credit and banking facilities granted to certain subsidiaries. The potential exposure of the financial guarantee is equivalent to the amount of the bank guarantee being utilised by the said subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

33. LEASE COMMITMENTS

Operating lease commitments – The Company as lessor

The investment properties of the Company are leased to subsidiaries, related parties and third-party customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1.5 to 30 years and an option that is exercisable by the subsidiaries to extend their leases for 1 to 5 years.

The maturity analysis of the Company's lease rental, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Company	
	30.09.2023	31.03.2022
	RM	RM
Within 1 year	2,167,572	2,610,072
Between 1 and 2 years	1,659,072	820,872
Between 2 and 3 years	719,472	789,372
Between 3 and 4 years	46,872	46,872
Between 4 and 5 years	46,872	46,872
Later than 5 years	511,686	558,558
	5,151,546	4,872,618

34. SIGNIFICANT EVENTS

(a) During the financial period

- (i) On 10 May 2022, the Company had subscribed for an additional 50,000 ordinary shares in Opcom Lube & Solutions Sdn. Bhd. ("OLSSB") for a total cash consideration of RM50,000. The subscription does not change the effective equity interest held by the Company.
- (ii) On 15 June 2022, the Company had incorporated a 100% owned subsidiary, namely Opcom VC Sdn. Bhd. ("OVCSB") with an issued and paid-up capital of 1 ordinary share of RM1. The intended principal activities of OVCSB are project management services which include supply of cables, hardware and accessories, engineering consultation, information technology software and services management.
- (iii) On 19 September 2022, the Company announced the (i) Proposed acquisition of 6,500,000 ordinary shares in T&J Engineering Sdn. Bhd. ("TJE"), representing 100% equity interest in TJE, for a total purchase consideration of up to RM90,000,000, to be satisfied by a combination of cash and shares, and (ii) proposed diversification of the business activities to include the Telecommunication Network Business (collectively referred to as the "Proposals"). The Proposals were approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 22 November 2022 and by the shareholders at the Extraordinary General Meeting ("EGM") on 20 December 2022. The proposed acquisition was completed on 7 March 2023.
- (iv) On 30 November 2023, the Company proposes to undertake a private placement of up to 55,817,400 new ordinary shares, representing not more than 20% of the total number of issued shares of the Company and approved by shareholders at EGM on 20 December 2023. On 10 January 2024, the Company make further announcement that as the 20% General Mandate has expired on 31 December 2022, the number of placement shares to be issued is up to 27,908,700 shares only representing not more than 10% of the issued shares. The Proposals were approved by Bursa Malaysia on 11 January 2023. The Private Placement has been completed following the listing of and quotation for 27,908,700 Placement Shares at issued price of 0.69 per share on the ACE Market of Bursa Malaysia on 31 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

34. SIGNIFICANT EVENTS (CONT'D)

(a) During the financial period (Cont'd)

- (v) On 1 March 2023, the Company entered into a share sale agreement to dispose 40,000 ordinary shares in OLSSB, representing 40% equity interest in OLSSB, for RM40,000, to be satisfied by cash. The sale of shares was completed on 7 March 2023.
- (vi) On 30 June 2023, the Company acquired 40,000 ordinary shares in Opcom Vision Sdn. Bhd. ("OVSB"), representing a 40% equity interest in OVSB, for RM24,000, satisfied in cash. OVSB becomes a wholly-owned subsidiary of the Company.
- (vii) On 1 August 2023, the Company announced the (i) proposed acquisition of 5,390,000 ordinary shares in Transgrid Ventures Sdn. Bhd. ("TVSB"), representing 49.0% equity interest in TVSB, for a total purchase consideration of up to RM98.0 million, to be satisfied by a combination of shares and cash, and (ii) proposed diversification of the business activities to include the power generation and transmission business (collectively referred to as the "Proposals"). The Proposals were approved by Bursa Malaysia on 26 October 2023 and approved by the shareholders at the EGM on 1 December 2023. The proposed acquisition was completed on 10 January 2024, as disclosed in Note 34(b)(iv).
- (viii) On 22 August 2023, the Company entered into a share sale agreement to dispose 60,000 ordinary shares in OLSSB, representing 60% equity interest in OLSSB, for RM48,000, to be satisfied by cash. The sale of shares was completed on 22 August 2023.
- (ix) On 20 September 2023, OVSB entered into a share sale agreement for the acquisition of 70,000,000 ordinary shares representing 18.03% equity interest in Binacommunications Berhad ("Binacom"), to be satisfied wholly in cash. The transaction was completed on 2 October 2023 as disclosed in Note 34(b)(i).

(b) Subsequent to the financial period

- (i) On 2 October 2023, OVCSB completed the acquisition of 70,000,000 ordinary shares representing 18.03% equity interest in Binacom.
- (ii) On 26 October 2023, OVCSB entered into multiple share sale agreements for the acquisition of 26,222,021 ordinary shares representing 6.75% equity interest in Binacom, for a total purchase consideration of RM14,684,332 to be satisfied wholly in cash ("proposed acquisition"). The proposed acquisition was approved by Bursa Malaysia on 20 November 2023 and approved by the shareholders at the EGM on 29 December 2023. The proposed acquisition was completed on 12 January 2024.
- (iii) On 5 December 2023, a wholly-owned subsidiary of the Company, Opcom Trading Sdn. Bhd. obtained a moneylender license issued under the Moneylenders Act 1951 and the Moneylenders (Control and Licensing) Regulations 2003 from the Ministry of Housing and Local Government.
- (iv) On 10 January 2024, the Company completed the acquisition of 5,390,000 ordinary shares in TVSB, representing 49.0% equity interest in TVSB, by fulfilling all the conditions for completion as set out in the share sale agreement and issuance of 62,941,554 ordinary shares to the vendor.
- (v) On 23 January 2024, Unigel Compounds Sdn. Bhd. ("UCSB") had entered into a share sale agreement to dispose 400,000 ordinary shares in Unigel (UK) Limited ("Unigel (UK)"), representing 40% equity interest in Unigel (UK), for GBP1,300,000, to be satisfied by cash ("proposed disposal"). The proposed disposal is subject to the approval of Bursa Malaysia and the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Cont'd

34. SIGNIFICANT EVENTS (CONT'D)

(b) Subsequent to the financial period (Cont'd)

- (vi) On 23 January 2024, UCSB had entered into a share sale agreement to dispose 400 ordinary shares in Unigel IP Limited (UIP), representing 40% equity interest in UIP, for GBP400,000 to be satisfied by cash ("proposed disposal"). The proposed disposal is subject to the approval of Bursa Malaysia and the shareholders.
- (vii) On 23 January 2024, the Company announced the proposed private placement of up to 134,089,200 new shares at an issue price to be determined at a later date. This placement represents not more than 30% of the total number of issued shares of the Company. The proposals are subject to approval from Bursa Malaysia and the shareholders of the Company, which will be sought at the EGM on a date to be determined later.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial period/years ended 30 September 2023 and 31 March 2022.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The Group includes within total debts, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the financial period/year is as follows:

	Group	
	30.09.2023	31.03.2022
	RM	RM
Total debt	27,439,959	22,167
Total equity	201,961,062	167,758,009
Debt-to-equity ratio	0.136	*

* Insignificant

There was no change in the Group's approach to capital management during the financial period.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **CHANG KIAN SEONG** and **ONG SOON LIM**, being two of the directors of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad), do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 65 to 150 are correct and are drawn up in accordance with the 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 at 30 September 2023 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

CHANG KIAN SEONG
Director

ONG SOON LIM
Director

Kuala Lumpur

Date: 24 January 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **DR. CHAN AI JOO**, being the officer primarily responsible for the financial management of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad), do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 65 to 150 are 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.

DR. CHAN AI JOO
(MIA Membership No: 24227)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 January 2024.

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad), which comprise the statements of financial position as at 30 September 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2023, and of their financial performance and their cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

1. Purchase price allocation (PPA) arising from the acquisition of T&J Engineering Sdn. Bhd. ("TJE") (Note 4(b), Note 8 and Note 9 to the financial statements)

The Group completed the acquisition of 100% equity interest of TJE on 7 March 2023 for purchase consideration of RM56.1 million.

Management engaged an external valuer to measure the identifiable assets acquired and liabilities assumed in the acquisition, including the identification and measurement of intangible assets. As disclosed in Note 4(b) and Note 9 to the financial statements, the purchase price allocation exercise for the acquisition of TJE is incomplete at the end of the reporting period. Accordingly, the Group has recognised provisional amounts for identifiable assets and liabilities arising from the acquisition, including intangible assets relating to customer contract of RM41.2 million with corresponding deferred tax liabilities of RM9.9 million, and goodwill on consolidation of RM8.2 million.

Accounting for the acquisition of TJE is an area of focus because of the assumptions made in determining the fair value of the identifiable assets acquired and liabilities assumed as at the acquisition date are inherently uncertain and require significant judgements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

1. Purchase price allocation (PPA) arising from the acquisition of T&J Engineering Sdn. Bhd. ("TJE") (Note 4(b), Note 8 and Note 9 to the financial statements) (Cont'd)

Our audit response:

We performed, among others, the following audit procedures:

- Obtained and read the terms and conditions of the share sale agreement dated 19 September 2022;
- Obtained and read the provisional purchase price allocation report of management's external valuer;
- Performed review on the project costing of TJE at acquisition date;
- Engaged an auditors' expert in valuation to review the provisional purchase price allocation report of management's external valuer, particularly in the area of determining the purchase consideration, identification and measurement of intangible assets and other assets arising from the acquisition, discount rates applied and key assumptions used; and
- Evaluated the adequacy of disclosures made in the financial statements in relation to the acquisition.

2. Impairment assessment of goodwill on consolidation (Note 4(c) and Note 8 to the financial statements)

As at 30 September 2023, the Group's provisional goodwill arising from the acquisition of TJE was RM8.2 million. The Group is required to perform an annual impairment assessment of the cash generating unit ("CGU") to which the goodwill has been allocated, irrespective of whether there is any indication of impairment.

The Group estimated the recoverable amount of the CGU to which goodwill is allocated based on its value-in-use ("VIU").

We considered this to be an area of focus as the determination of VIU of the CGU involved significant management judgements, estimates and assumptions in arriving the underlying cash flow forecast, particularly on the discount rate applied, net profit margins and probabilities applied to the expected revenue. These judgements, estimates and assumptions are inherently uncertain.

Our audit response:

We performed, among others, the following audit procedures:

- Obtained an understanding of the methodologies adopted by the management in estimating the VIU;
- Evaluated management key assumptions for forecasted revenue and net profit margins by considering the current and expected future performance of the CGU and economic conditions. We compared the forecasted revenue and net profit margins to past trends and historical data of TJE;
- Assessed, with the involvement of auditors' expert, the appropriateness of the discount rate used in discounting the future cash flows to present value;
- Assessed the sensitivity of the cash flows to changes in the key assumptions; and
- Evaluated the adequacy of disclosures made in the financial statements, in particular those key assumptions used in arriving at its VIU.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

3. Revenue recognition for construction contracts (Note 4(f) and Note 23 to the financial statements)

Revenue from construction contracts was RM74.7 million, which represents 34.4% of the Group revenue for the current financial period.

Revenue from construction contracts is recognised over time using the cost incurred method. Progress towards satisfaction of performance obligation is calculated on the proportion of total costs incurred at the reporting date compared to the estimated total costs of the contract.

We focus on this area because the determination of percentage of completion involves significant management estimation, in particular relating to forecasting total costs required to satisfy the performance obligation at the initiation of the contract, and subsequent revisions to total costs forecast for certain events or conditions that occur during the performance of the contract, or are expected to occur to complete the contract.

Our audit response:

We performed, among others, the following audit procedures:

- Obtained understanding and evaluated the project costing process for determining project costs at initiation and throughout life of the project, as well as the amount of contract revenue and revenue recognised in the financial statements;
- For a selection of contracts:
 - (i) assessed the estimated cost to complete by agreeing to internal budget and comparing to actual costs incurred;
 - (ii) agreed the total contract sums to contracts entered into by the Group and its customers; and
 - (iii) agreed the total costs incurred during the period to the project time cost report and subcontractor invoices.
- Discussed with management and key personnel regarding adjustment for project costing and potential contract losses, if any;
- Assessed the appropriateness of revenue and cost recognition policies and determined compliance with MFRS 15 Revenue from Contracts with Customers; and
- Evaluated the adequacy of disclosures in the financial statements.

4. Recoverability of trade receivables (Note 4(d), Note 13 and Note 32(i) to the financial statements)

The Group recorded trade receivables of RM110.6 million, which represents 35.7% of the Group's total assets as of 30 September 2023.

The Group assessed on a forward-looking basis the expected credit loss ("ECL") associated with its trade receivables using the simplified approach. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management based on the Group's past history, existing market conditions as well as forward-looking information.

We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risks exposure in assessing the recoverability of trade receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

4. Recoverability of trade receivables (Note 4(d), Note 13 and Note 32(i) to the financial statements) (Cont'd)

Our audit response:

We performed, among others, the following audit procedures:

- Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments;
- Obtained confirmation from major trade receivables on outstanding balances as at the reporting date;
- Enquired management on receivables status for major customers;
- Reviewed collections and sales trends during the financial period of major trade receivables;
- Traced subsequent collection of major trade receivables; and
- Reviewed management's assessment on the ECLs of trade receivables with reference to historical payment records, publicly available information and credit history of the Group's customer.

5. Impairment assessment of property, plant and equipment (Note 4(a) and Note 5 to the financial statements)

The Group assesses the impairment of property, plant and equipment 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. Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use.

During the financial period, the Group engaged an independent valuer to estimate the recoverable amount of certain plant and machinery of a subsidiary, with a carrying amount of RM4.5 million.

We considered this to be an area of focus as the determination of the recoverable amount of these plant and machinery involved significant management estimates and assumptions.

Our audit response:

We performed, among others, the following audit procedures:

- Performed physical sighting of the plant and machinery;
- Considered the competence, capabilities and objectivity (including independence) of the independent valuer;
- Read the valuation report prepared by the independent valuer;
- Discussed and obtained an understanding from the representatives of the independent valuer on the methodology, key assumptions and inputs used in estimating the recoverable amount of the plant and machinery; and
- Evaluated the adequacy of disclosures in the financial statements.

Company

We have determined that there are no key audit matters to be communicated in our report which arose from the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEXTAR CAPITAL BERHAD
(Formerly known as Opcom Holdings Berhad)
Cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

OTHER MATTERS

1. The financial statements of the Group and of the Company for the financial year ended 31 March 2022 were audited by another firm of chartered accountants whose report dated 22 July 2022 expressed an unmodified opinion on those financial statements.
2. 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 contents of this report.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur
24 January 2024

YONG HUI NEE
03283/09/2024 J
Chartered Accountant

LIST OF PROPERTY

AS AT 30 SEPTEMBER 2023

Registered owner	Location / Tenure	Description/ Existing Use	Land Area / Built Up Area (sq. m.)	Date of Acquisition / [Revaluation]	Approximate Age of Building	NBV / Group Carrying Amount @ 30 September 2023
Hextar Capital Berhad (formerly known as Opcom Holdings Berhad)	No. 98721, Lot 331, Seksyen 15 Industrial Site Shah Alam, Shah Alam City District of Petaling and State of Selangor being land, factories and office buildings bearing the address of No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan Leasehold, 99 years, expiring on 18 April 2074	<ul style="list-style-type: none"> Manufacturing blocks Office building Warehouses Open storage yards Car parks Guardhouse 	29,450 / 15,282	Land 10.07.2012 Building 16.05.2014 (Acquisition)	Age of manufacturing blocks approximately 20 years and less Age of other buildings/ structures: no more than 30 years	RM23,172,282

ANALYSIS OF SHAREHOLDINGS

AS AT 15 JANUARY 2024

CLASS OF SHARES : ORDINARY SHARES
TOTAL NUMBERS OF ISSUED SHARES : 446,964,022
VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE ON A POLL

DISTRIBUTION OF SHAREHOLDINGS

HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	TOTAL HOLDINGS	% OF ISSUED SHARE CAPITAL
Less than 100	334	5.20	10,284	0.00
100 - 1,000	895	13.94	532,365	0.12
1,001 - 10,000	3,067	47.77	16,923,579	3.79
10,001 - 100,000	1,786	27.82	58,731,764	13.14
100,001 to less than 5% of issued shares	335	5.22	218,691,800	48.93
5% and above of issued shares	3	0.05	152,074,230	34.02
TOTAL	6,420	100.00	446,964,022	100.00

THIRTY LARGEST SHAREHOLDERS

RANK	NAME	NO. OF SHARES HELD	% OF ISSUED SHARE CAPITAL
1	M & A NOMINEE (TEMPATAN) SDN. BHD. TEH & LEE FOR T & J ASSETS HOLDINGS SDN. BHD.	64,188,776	14.36
2	M.SARASWATHY A/P MANIKUM	62,941,554	14.08
3	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)	24,943,900	5.58
4	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MGN-OCM0001M)	17,600,000	3.94
5	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MARGIN)	16,500,000	3.69
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (6000478)	15,481,800	3.46
7	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO ONG CHOO MENG	10,894,400	2.44
8	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	10,500,000	2.35
9	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')	9,679,400	2.17
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG (M01)	8,717,000	1.95

ANALYSIS OF SHAREHOLDINGS

AS AT 15 JANUARY 2024

Cont'd

THIRTY LARGEST SHAREHOLDERS (CONT'D)

RANK	NAME	NO. OF SHARES HELD	% OF ISSUED SHARE CAPITAL
11	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	7,000,000	1.57
12	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO') (MY3918)	6,800,000	1.52
13	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SOON KHEAN (MGN - LSK0015M)	5,000,000	1.12
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN CHIN SEONG (7014455)	3,200,000	0.72
15	ENGLISH HOTBREADS (SEL.) SDN. BHD.	3,000,000	0.67
16	BIMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (MGNM88030)	2,500,000	0.56
17	TASEC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	1,892,500	0.42
18	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG CHEE WAI (MY1647)	1,860,000	0.42
19	CHEONG SOK YIN	1,710,000	0.38
20	KHOR LEAN HANG	1,645,500	0.37
21	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM CHING LENG (E-BBB)	1,552,000	0.35
22	TAN SUAN MENG	1,500,000	0.34
23	YAP FUNG MEI	1,500,000	0.34
24	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIVABALAN A/L MUTHUSAMY (MF00077)	1,470,200	0.33
25	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	1,439,400	0.32
26	LOW SOEW WENG	1,424,200	0.32
27	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEONG KAI MENG (MP0548)	1,400,000	0.31
28	OLIVE LIM SWEE LIAN	1,400,000	0.31
29	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PHUM ANG KIA	1,377,000	0.31
30	M & A NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHYI BOON (PNG)	1,360,000	0.30
TOTAL		290,477,630	65.00

ANALYSIS OF SHAREHOLDINGS

AS AT 15 JANUARY 2024
Cont'd

SUBSTANTIAL SHAREHOLDERS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
DATO' ONG CHOO MENG	121,899,500	27.27	–	–
T & J ASSETS HOLDINGS SDN. BHD.	64,188,776	14.36	–	–
DATIN SRI M. SARASWATHY A/P MANIKUM	62,941,554	14.08	–	–
DATO SRI J.O. NANTHA KUMAR A/L J.C. RAMALU	–	–	62,941,554 ^(a)	14.08

Note:-

- (a) Indirect interest by virtue of his spouse's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act 2016.

DIRECTORS' SHAREHOLDING (AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
DATO' MAZLIN BIN MD JUNID	–	–	–	–
CHANG KIAN SEONG, JOHNSON	–	–	–	–
ONG SOON LIM	–	–	–	–
TEH LI KING	–	–	–	–
MAGNUS KREUGER	–	–	–	–
ER KIAN HONG, ELIZABETH (f)	–	–	–	–

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting (“**28TH AGM**”) of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) (“**HCB**” or “**the Company**”) will be conducted in a virtual manner through live streaming from the Conference Room of HCB at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan (“**Broadcast Venue**”) on Friday, 29 March 2024 at 3:00 p.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial period ended 30 September 2023 and the Reports of Directors and Auditors thereon. | Please refer to
Explanatory Note 1 |
| 2. To approve the payment of Directors’ fees of RM204,000.00 for the financial period ended 30 September 2023. | Ordinary Resolution 1
(Please refer to Explanatory
Note 2) |
| 3. To approve the payment of Directors’ benefits to the Directors up to an amount of RM200,000.00 from 30 March 2024 until the next Annual General Meeting of the Company. | Ordinary Resolution 2
(Please refer to Explanatory
Note 2) |
| 4. To re-elect Dato’ Mazlin Bin MD Junid who retires pursuant to Article 90(1) of the Company’s Constitution. | Ordinary Resolution 3 |
| 5. To re-elect the following Directors who retire pursuant to Article 83 of the Company’s Constitution:- | |
| i. Chang Kian Seong, Johnson | Ordinary Resolution 4 |
| ii. Er Kian Hong, Elizabeth (f) | Ordinary Resolution 5 |
| 6. To re-appoint Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to determine their remuneration. | Ordinary Resolution 6 |

As Special Business

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

- | | |
|---|---|
| 7. Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016. | Ordinary Resolution 7
(Please refer to Explanatory
Note 3) |
|---|---|

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), the Constitution of the Company, ACE Market Listing Requirement of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and approval from Bursa Securities and any other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered to issue and allot shares (“**New Shares**”) in the capital of the Company from time to time, at such price, and upon such terms and conditions, for such purposes, and to such person or persons as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of such New Shares to be issued and allotted, pursuant to this resolution, aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being as stipulated under Rule 6.04(1) of ACE Market Listing Requirements of the Bursa Securities (“**Proposed General Mandate**”); **AND THAT** the Directors 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 ACE Market of Bursa Securities.

NOTICE OF ANNUAL GENERAL MEETINGS

Cont'd

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.

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.

THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company.

THAT pursuant to Section 85 of the Act read together with Article 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer New Shares arising from the issuance and allotment of the New 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 required; **AND THAT** such New Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares.

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

8. **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

Ordinary Resolution 8
(Please refer to Explanatory
Note 4)

"**THAT** subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company and/or its subsidiary(ies) ("**HCB Group**") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to the Shareholders dated 30 January 2024 in relation to the Proposed Shareholders' Mandate which are necessary for the day-to-day operations of HCB Group, and are carried out in the ordinary course of business, the transactions are undertaken at an arm's length basis and are on normal commercial terms which are not more favourable to the related parties than those generally available to third party and on terms not detrimental to the minority shareholders of the Company.

AND THAT such authority shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

NOTICE OF ANNUAL GENERAL MEETINGS

Cont'd

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, to execute all such documents and to assent to any conditions, variations and/or amendments) as they may consider expedient or necessary in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

9. Proposed Renewal of Share Buy-Back Authority

Ordinary Resolution 9
(Please refer to Explanatory
Note 5)

"**THAT** subject always to compliance with the Companies Act 2016 ("**the Act**"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules, regulations, guidelines for the time being in force or as may be amended from time to time or approval of all relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company, to purchase such number of ordinary 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, necessary and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the total retained earnings of the Company at the time of the said purchase(s); and
- (iii) the authority conferred by this resolution shall commence immediately upon the passing of this ordinary resolution and shall continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which it will lapse unless the authority is renewed by a resolution passed at the next AGM; or
 - (b) the expiration of the period within which the next AGM of HCB after that date it is required by law to be held pursuant to Section 340(2) of the Act [(but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act)]; or
 - (c) revoked or varied by an ordinary resolution passed by the shareholders of HCB in 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 ACE Market Listing Requirements of Bursa Securities and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

NOTICE OF ANNUAL GENERAL MEETINGS

Cont'd

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel the HCB shares so purchased; and/or
- (ii) retain the HCB shares so purchased as Treasury Shares; and/or
- (iii) retain part of the HCB Shares so purchased as Treasury Shares and cancel the remainder;
- (iv) distribute the Treasury Shares as share dividends to Shareholders;
- (v) resell the Treasury Shares or any of the said shares in accordance with ACE Market Listing Requirements of Bursa Securities;
- (vi) transfer the Treasury Shares or any of the said shares as purchase consideration;
- (vii) transfer the Treasury Shares or any of the said shares for the purposes of or under an employee's share scheme or such other purpose as allowed under the Act;
- (viii) cancel the Treasury Shares or any of the said shares; and/or
- (ix) sell, transfer or otherwise use the HCB shares for such other purposes as the Minister may by order prescribe,

and/or in any other manner as prescribed by the Act, rules and regulations made pursuant to the Act and ACE Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT authority be and is hereby given to the Directors to complete and to do all such acts and things as they may consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors in their discretion deem fit and expedient to give effect to the aforesaid purchase(s) contemplated and/or authorised by this Ordinary Resolution."

10. To transact any other business for which due notice shall have been received.

BY ORDER OF THE BOARD

NG HENG HOOI (MAICSA 7048492) (SSM PC No. 202008002923)
WONG MEE KIAT (MAICSA 7058813) (SSM PC No. 202008001958)
Company Secretaries

Kuala Lumpur

Date: 30 January 2024

NOTICE OF ANNUAL GENERAL MEETINGS

Cont'd

Notes:-

1. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. Members are advised to refer to the Administrative Guide to the Shareholders which is available on the Company's corporate website at www.hextarcapital.com, for remote participation access and electronic voting at the 28TH AGM.
2. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every holder of ordinary or preference shares who is personally present, who is a Member or proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such Member shall have one vote for every ordinary or preference share held by him. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors). An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
6. The form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.HEXTAR@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting. You also have the option to register link <https://vps.megacorp.com.my/gLLwWP>. Kindly refer to the Administrative Guide to the Shareholders for further information.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 March 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes:-

1. Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act 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. Ordinary Resolutions 1 and 2

Proposed payment of Directors' Fees

Proposed payment of Directors' Benefits to the Directors

Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 28TH AGM on the Directors' fees and benefits in two (2) separate resolutions as below:-

- Ordinary Resolution 1 on payment of Directors' fees in respect of the financial period ended 30 September 2023; and
- Ordinary Resolution 2 on payment of Directors' benefits from 30 March 2024 until the next AGM.

The Directors' benefits of the Company which is estimated not to exceed RM200,000.00 basically the meeting allowances for Board/ Board Committee meetings attended/to be attended for the period from 30 March 2024 until the conclusion of the next AGM.

The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/ Board Committee meetings and/or increase in Board size.

Details of the Directors' fees and benefits paid to the Directors are disclosed in the Company's Corporate Governance Overview Statement as contained in the Annual Report 2023.

NOTICE OF ANNUAL GENERAL MEETINGS

Cont'd

3. **Ordinary Resolution 7**

Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the 28TH AGM of the Company.

The Company had been granted a general mandate by its shareholders at the 27th AGM of the Company on 22 September 2022 ("**Previous Mandate**"). The Company had utilised the Previous Mandate by issuing 27,908,700 new ordinary shares of RM0.69 each pursuant to a Private Placement Exercise.

The proposed Ordinary Resolution 7, if passed, is a renewal general mandate to empower the Directors of the Company to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the best interest of the Company.

The 10% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, repayment of bank borrowing(s), if any, for purpose of funding future investment project(s), working capital and/or acquisitions. The 10% General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to irrevocably waive their statutory pre-emptive rights pursuant to Section 85 of the Act and Article 54 of the Constitution of the Company, pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

4. **Ordinary Resolution 8**

Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The proposed Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiary(ies) ("**HCB Group**") to enter into the Recurrent Related Party Transactions of a Revenue and/or Trading Nature in the ordinary course of its business, which is necessary for the HCB Group's day-to-day operations with the related parties as set out in the Circular to Shareholders dated 30 January 2024.

Please refer to the Circular to Shareholders dated 30 January 2024 for further details.

5. **Ordinary Resolution 9**

Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Share Buy-Back Statement to Shareholders dated 30 January 2024 for further details.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO RULE 8.29(2), APPENDIX 8A OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD

Details of persons who are standing for re-election as Directors

Dato' Mazlin Bin MD Junid is standing for re-election as Director pursuant to Article 90(1) of the Company's Constitution, whereas Chang Kian Seong, Johnson and Er Kian Hong, Elizabeth (f) are standing for re-election as Directors pursuant to Article 83 of the Constitution of the Company at the 28TH AGM. Their profiles are set out on pages 24, 25 and 27 of the 2023 Annual Report. The details of the Directors' interest in the securities of the Company is stated in the "Analysis of Shareholdings" section of the 2023 Annual Report.

Statement relating to general mandate for issue of securities in accordance with Rule 6.04(1), AMLR of Bursa Securities.

Details of the general mandate pertaining to the authority to allot and issue shares pursuant to Sections 75 and 76 of the CA 2016 are set out in the Explanatory Note 3 of the Notice of 28TH AGM.

PERSONAL DATA PROTECTION ACT 2010

Dear Valued Shareholders,

Re: Notice to Shareholders Pursuant to the Personal Data Protection Act 2010

This written notice is given in connection with you being a shareholder of HCB. The PDPA, which regulates the processing of personal data in commercial transactions, applies to the Company. For the purposes of this written notice, the terms “personal data” and “processing” shall have the same meaning as prescribed in the PDPA.

1. This written notice serves to inform you that your personal data is being processed by or on behalf of the Company.
2. The personal data processed by us may include name, national identity card number, contact number and address and other particulars provided by you or on your behalf in connection with your shareholding in the Company.
3. We are processing your personal data, including any additional information you may subsequently provide, for the following purposes (“**Purposes**”):
 - a) Sending you notices and Circular/Statement relating to your status as a shareholder in the Company;
 - b) Paying you dividends and giving you other benefits relating to your shareholding in the Company;
 - c) Dealing with all matters in connection with your shareholding in the Company; or
 - d) Such other Purposes as may be related to the foregoing.
4. The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.
5. Please refer to your stockbroker/investment bank where your CDS account is opened for any updates/changes of your personal information.
6. Your personal data may be disclosed by us in connection with the above Purposes, to all governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligation which is imposed on us and to our lawyers, auditors and/or service providers.
7. You are responsible for ensuring that the personal data you provide us is accurate, complete and not misleading and that such personal data is kept up to date.
8. If you fail to supply to us the abovementioned personal data, we may not be able to process your personal data for any of the Purposes.

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PROXY FORM

HEXTAR CAPITAL BERHAD

(formerly known as Opcom Holdings Berhad)
Registration No.: 199401036979 (322661-W)
(Incorporated in Malaysia)

No. of shares held

CDS Account No.

I / We _____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No. _____)

of _____
(FULL ADDRESS)

being a member/ members of HEXSTAR CAPITAL BERHAD (formerly known as Opcom Holdings Berhad), hereby appoint

Full Name (in Block)	NRIC / Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

Full Name (in Block)	NRIC / Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Twenty-Eighth Annual General Meeting ("28TH AGM") of the Company a virtual manner through live streaming from the Conference Room of Hextar Capital Berhad (formerly known as Opcom Holdings Berhad) at No. 11, Jalan Utas 15/7, 40200 Shah Alam, Selangor Darul Ehsan on Friday, 29 March 2024 at 3.00 p.m. or at any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	Payment of Directors' fees of RM204,000.00 for the financial period ended 30 September 2023		
2.	Payment of Directors' benefits to the Directors up to an amount of RM200,000.00 from 30 March 2024 until the next Annual General Meeting of the Company		
3.	Re-election of Dato' Mazlin Bin MD Junid as Director		
4.	Re-election of Chang Kian Seong, Johnson as Director		
5.	Re-election of Er Kian Hong, Elizabeth as Director		
6.	Re-appointment of Messrs. Ecovis Malaysia PLT as Auditors of the Company for the ensuing financial year and to authorize the Directors to determine their remuneration		
SPECIAL BUSINESS			
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	Proposed Renewal of Share Buy-Back Authority		

(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).

* delete whichever is not applicable.

Signed this _____ day of _____, 2023.

^ Manner of execution:-

Signature/Common Seal of Member^

- (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. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. Members are advised to refer to the Administrative Guide to the Shareholders which is available on the Company's corporate website at www.hextarcapital.com, for remote participation access and electronic voting at the 28TH AGM.
2. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, every holder of ordinary or preference shares who is personally present, who is a Member or proxy or represented by attorney on a show of hands on any question shall have one vote and upon a poll every such Member shall have one vote for every ordinary or preference share held by him. A proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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Affix
Stamp

HEXTAR CAPITAL BERHAD
(formerly known as Opcom Holdings Berhad)
Registration No. 199401036979 (322661-W)

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

2nd fold here

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing (or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney duly authorised or in some other manner approved by Directors). An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
6. The form of Proxy or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or authorised certified copy thereof must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.HEXTAR@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting. You also have the option to register link <https://vps.megacorp.com.my/gLLwWP>. Kindly refer to the Administrative Guide to the Shareholders for further information.
7. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 March 2024 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

www.hextarcapital.com

HEXTAR CAPITAL BERHAD

(formerly known as Opcom Holdings Berhad)
(Registration No. 199401036979 (322661-W))

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