

Chairman's Statement



Dear Shareholders

“ I am honored to present Hextar Industries Berhad's ("HIB" or "the Group") Annual Report 2022 and the audited financial statements for the financial period ended 31 December 2022 ("FPE2022"). First and foremost, on behalf of the Board of Directors of HIB ("Board"), I would like to extend my gratitude to all of you for your continued support and confidence in our company. ”

BOARD AND LEADERSHIP UPDATES

This year, we saw the resignations of Dato' Ong Choo Meng ("Dato Eddie Ong") and Wong Kin Seng from our Board.

Dato' Eddie Ong has been instrumental in guiding HIB to achieve important milestones and strengthening our position in the market. We are deeply grateful for his service and the significant positive impact he had made during his tenure. His departure is a loss to our Company, but we are confident that the strong foundation he has helped to build will continue to serve us well in the years ahead.

On the other hand, Wong Kin Seng has taken a more hands-on role as part of the senior executive management team of HIB as he continues to serve as the Managing Director of the Heavy Equipment Division. Kin Seng has been an integral part of our Company's growth and success. We are excited with the contributions he will make in his new leadership role.

On a positive note, I am pleased to welcome Sham Weng Kong ("Alex Sham"), the Managing Director of Hextar Fertilizers Limited ("HFL") and its subsidiaries ("HFL Group"), who has joined our Board as an Executive Director. He has more than 20 years of working experience in the fertiliser industry. We are delighted to have him on board and look forward to his valuable insights and contributions to our Company's growth and development.

As we move forward, the Board will continue to uphold the standards of competence, integrity, and professionalism. The Board's goal is to have a diverse and inclusive Board, one that brings together individuals from different background, experience and perspectives so that we will have the insights and skills to meet the challenges and opportunities that lie ahead.

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MERGER SYNERGY

HIB issued 1.6 billion of new ordinary shares as the consideration to acquire the HFL Group. The merger had been completed in December 2022. This strategic acquisition marks a significant milestone for the HIB Group, enhancing our competitiveness by gaining immediate access to distribution networks and manufacturing facilities in Peninsular Malaysia, Sabah and deeper into Sarawak. The acquisition also enabled the HIB Group to gain entry into new export markets, expanding our global presence in Indonesia, Taiwan, Thailand, Myanmar, Vietnam, Cambodia, Sri Lanka, Australia, Fiji, Papua New Guinea, Mauritius and Africa.

The merger has not only enhanced the competitiveness of the HIB Group but has also brought in a team of talented and experienced staff from the HFL Group, such as Alex Sham and his management team.

Despite the challenging business and economic environment last year, I am pleased to report that our Group achieved remarkable success in various areas. During FPE2022, HIB's market capitalisation has grown by more than 10 times, from below RM100 million to above RM1.0 billion after the merger with the HFL Group. Moreover, the enlarged HIB recorded its highest ever revenue of RM1.29 billion, profit before tax of RM115.6 million and profit after tax of RM98.0 million. Therefore, the HIB Group is now well-positioned with a stronger financial base and market presence as we move into 2023.

CORPORATE RESPONSIBILITY

In driving the HIB Group's long-term growth, the Board believes that sustainability depends on our ability to strike a balance between fulfilling the sustainability requirements or expectations of our various stakeholders in the context of Environmental, Social and Governance and the financial performance of the Group.

I am pleased to share with you that the Group is committed to meet the target of Net Zero Carbon Emissions by 2050. This goal is aligned with Malaysia's national aspiration in support of the Sustainable Development Goals on Climate Action. As a responsible corporate citizen, we understand the importance of addressing climate change and mitigating our impact on the environment.

As we look forward, we will focus on investing in low-carbon efficient technologies and renewable energy to achieve our Net Zero target. This will be a significant undertaking and one that we are fully committed to. We will continuously report our progress towards meeting this goal in the future.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our management team and employees for their hard work and dedication in contributing to our company's achievements. Your commitment to integrity, excellence and hard work have been crucial in achieving our goals and delivering value to our shareholders and customers.

I would also like to extend my heartfelt thanks to our consultants, advisers or service providers who have played a critical role in the successful completion of our corporate exercises last year.

To my fellow Directors, I wish to express my deep appreciation for their unwavering support and guidance throughout the year. Their invaluable insights and expertise have been instrumental in shaping our strategic direction and driving our success.

Finally, I want to express my appreciation to our shareholders, customers and partners for your continued trust and support. Together, I am confident that we will continue to build on this year's success.

Dato' Chan Choun Sien

Independent Non-Executive Chairman