

Unless otherwise stated, all terms and abbreviations contained in this Abridged Prospectus are in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue, which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue. A copy of the Abridged Prospectus and the accompanying NPA and RSF (collectively, the "Documents") has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 26 February 2021. The approval from Bursa Securities has been obtained via its letter dated 12 January 2021 for the listing of and quotation for, amongst others, the Rights Shares as a result of the Rights Issue on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for all the new securities on the ACE Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Company's Record of Depositors as at 5.00 p.m. on 29 September 2021 who have a registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 29 September 2021. The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue is not intended to be (will not be) made or offered or deemed to be made or offered for purchase or subscription in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. Persons receiving the Documents (including without limitation, custodians, nominees and transferees) must not, in connection with the Rights Issue, distribute or send the Documents outside Malaysia. No action has been or will be taken to ensure that the Rights Issue and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue to which the Documents relate is only available to persons receiving the Documents electronically or otherwise within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation and/or transfer (as the case may be) of all or any part of their entitlements to the Rights Issue would result in the contravention of any of the laws of such countries or jurisdictions. Neither our Company, AmInvestment Bank nor any other professional advisers to the Rights Issue shall accept any responsibility or liability in the event that any acceptance or renunciation or transfer (as the case may be) made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such country or jurisdiction in which the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is a resident.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.



HEXTAR INDUSTRIES BERHAD
(FORMERLY KNOWN AS SCH GROUP BERHAD)
(Registration No. 201101044580 (972700-P))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,268,911,225 NEW ORDINARY SHARES IN HEXSTAR INDUSTRIES BERHAD ("HEXTAR INDUSTRIES SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 1 EXISTING HEXSTAR INDUSTRIES SHARE HELD AS AT 5.00 P.M. ON 29 SEPTEMBER 2021 AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE

Principal Adviser



AmInvestment Bank

AMINVESTMENT BANK BERHAD
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	: Wednesday, 29 September 2021 at 5.00 p.m.
Last date and time for sale of Provisional Allotments	: Wednesday, 6 October 2021 at 5.00 p.m.
Last date and time for transfer of Provisional Allotments	: Friday, 8 October 2021 at 4.30 p.m.
Last date and time for acceptance and payment	: Thursday, 14 October 2021 at 5.00 p.m.
Last date and time for excess application and payment	: Thursday, 14 October 2021 at 5.00 p.m.

This Abridged Prospectus is dated 29 September 2021

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANING AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS HAVE SEEN AND APPROVED ALL DOCUMENTATION RELATING TO THE RIGHTS ISSUE. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

AMINVESTMENT BANK, BEING OUR PRINCIPAL ADVISER FOR THIS RIGHTS ISSUE, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE.

OTHER STATEMENTS

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF SUCH RESTRICTIONS AND TO OBSERVE THEM.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ADVISERS' DIRECTORY

- PRINCIPAL ADVISER** : AmInvestment Bank Berhad
Level 21, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: +603 2036 2633
Fax. No.: +603 2070 2170
- SOLICITORS FOR THE RIGHTS ISSUE** : Messrs Foong & Partners
13-1 Menara 1MK
Kompleks 1 Mont' Kiara
No 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel. No.: +603 6419 0822
Fax. No.: +603 6419 0823
- SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No.: +603 2783 9299
Fax. No.: +603 2783 9222
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Tel. No.: +603 2732 7537
- Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)
- COMPANY SECRETARY** : Lee Kok Ping
[SSM PC No. 202008004407 /MIA44986]
No. 64, Jalan Bayu Laut 4/KS09
Kota Bayuemas
41200 Klang, Selangor
- Tan Tong Lang
[SSM PC No. 201908002253 /MAICSA 7045482]
Boardroom.com Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor
Tel : +603 7890 0638
Fax: +603 7890 1032
- STOCK EXCHANGE AND LISTING SOUGHT** : ACE Market of Bursa Securities

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

9MFP2021	:	9-months financial period ended 31 May 2021
9MFP2020	:	9-months financial period ended 31 May 2020
5G	:	Fifth generation
Abridged Prospectus	:	This Abridged Prospectus dated 29 September 2021 in relation to the Rights Issue
Act	:	Companies Act 2016
Additional Undertaking	:	The undertaking by Hextar to apply for such additional number of Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), by way of Excess Rights Shares Applications
Additional Warrants	:	Additional warrants to be issued as a result of the adjustment to the number of the existing Warrants arising from the Rights Issue pursuant to the Deed Poll
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad
ATM(s)	:	Automated teller machine(s)
Authorised Nominee	:	A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
Base Case Scenario	:	Assuming that none of the existing Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) and/or transferee(s) fully subscribe for their respective entitlements under the Rights Issue
Bloomberg	:	Bloomberg Finance Singapore L.P. and its affiliates
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CAGR	:	Compound annual growth rate
CDS	:	Central Depository System
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor

DEFINITIONS (CONT'D)

Closing Date	:	Thursday, 14 October 2021 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and the application and payment for the Excess Rights Shares
CMSA	:	Capital Markets And Services Act 2007
Consolidated Shares	:	Hextar Industries Shares upon completion of the Share Consolidation
Consolidated Warrants	:	Adjusted number of the existing Warrants in Hextar Industries upon completion of the Share Consolidation
Dato' Ong	:	Dato' Ong Choo Meng
Deed Poll	:	Deed poll dated 14 November 2016 governing the terms and conditions of the Warrants
Documents	:	Abridged Prospectus and the accompanying NPA and RSF
ECRL	:	East Coast Rail Link
EGM	:	Extraordinary general meeting of our Company
Entitled Shareholders	:	Shareholders of our Company whose names appear in the Record of Depositors of our Company on the Entitlement Date
Entitlement Date	:	5.00 p.m. on 29 September 2021, being the time and date on which the names of our shareholders must be registered in our Company's Record of Depositors, in order to be entitled to participate in the Rights Issue
Entitlement Undertaking	:	The undertaking by Hextar to subscribe for its entitlement based on its shareholdings on the Entitlement Date
EPS	:	Earnings per Share
e-NPA	:	Electronic NPA
e-RSF	:	Electronic RSF
e-Subscription	:	Electronic subscription
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) / transferee(s) (if applicable) by the Closing Date
Excess Rights Shares Application	:	Applications for Excess Rights Shares as set out in Section 10 of this Abridged Prospectus
Exemption	:	Exemption granted by the SC to Hextar and its PACs on 8 March 2021 from the obligation to undertake the Mandatory Offer arising from the subscription by Hextar of the Rights Shares in accordance with the Undertakings, under Paragraph 4.08(1)(b) of the Rules
FY	:	Financial year ended/ending 31 August, as the case may be

DEFINITIONS (CONT'D)

GDP	:	Gross domestic product
Hextar Industries or Company	:	Hextar Industries Berhad (formerly known as SCH Group Berhad)
Hextar Industries Group or Group	:	Hextar Industries and its subsidiaries
Hextar Industries Share(s) or Share(s)	:	Ordinary share(s) of our Company
Hextar	:	Hextar Holdings Sdn Bhd
Hextar Group	:	Hextar's group of companies
HOC	:	Home Ownership Campaign
Issue Price	:	RM0.12, being the issue price for each of the Rights Share
LAT	:	Loss after tax
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	30 August 2021, being the latest practicable date before the printing of this Abridged Prospectus
LRT 3	:	Light Rail Transit Line 3
LSS @ MEnTARI	:	Large Scale Solar by Malaysian Electricity Industry to Attract Renewable Energy
Mandatory Offer	:	Mandatory take-over offer for all the remaining Hextar Industries Shares and outstanding existing Warrants not already held by Hextar and its PACs in accordance with Paragraph 4.01(a) of the Rules
Market Day	:	Any day between Monday to Friday (inclusive), excluding public holidays, on which Bursa Securities is open for trading of securities
MCO	:	Movement Control Order
Maximum Scenario	:	Assuming that all of the existing Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) and/or transferee(s) fully subscribe for their respective entitlements
Minimum Scenario	:	Assuming that none of the existing Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date and the Rights Issue is undertaken on the Minimum Subscription Level
Minimum Subscription Level	:	The minimum subscription level basis to raise minimum gross proceeds of RM23,500,000 pursuant to the Rights Issue
MRT 2	:	Mass Rapid Transit Line 2

DEFINITIONS (CONT'D)

Ms Ong	:	Ms Ong Tzu Chuen
MT	:	Metric tonne
MW	:	Megawatt
NA	:	Net assets
New Processing Plant	:	New processing plant in Kuching, Sarawak
NPA	:	Notice of provisional allotment in relation to the Rights Issue
Official List	:	A list specifying all securities listed on the ACE Market of Bursa Securities
PACs	:	Persons acting in concert with Hextar under Section 216(2) and (3) of the CMSA, namely Dato' Ong and Ms Ong
PAT	:	Profit after tax
PENJANA	:	Pelan Jana Semula Ekonomi Negara
Proposals	:	Share Consolidation, Rights Issue and Exemption
Provisional Allotments	:	Rights Shares provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue
Public Spread Requirement	:	Public shareholding spread requirement pursuant to Paragraphs 3.10(1) and 8.02(1) of the Listing Requirements
Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Registered Entitled Shareholders	:	Entitled Shareholders who are the registered user of TIIH Online
RRPT	:	Recurrent Related Party Transactions
Rights Issue	:	Renounceable rights issue of up to 1,268,911,225 new Hextar Industries Shares on the basis of 5 Rights Shares for every 1 existing Hextar Industries Share held as at 5.00 p.m. on 29 September 2021 at an Issue Price
Rights Shares	:	New Hextar Industries Shares to be issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RSF	:	Rights Subscription Form
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
Rules of Bursa Depository	:	The Rules of Bursa Depository, issued pursuant to the SICDA
SC	:	Securities Commission Malaysia

DEFINITIONS (CONT'D)

Share Consolidation	:	Consolidation of every three (3) existing Hextar Industries Shares into one (1) consolidated Hextar Industries Share which was completed on 15 March 2021
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act 1991
Smith Zander	:	Smith Zander International Sdn Bhd, an independent market researcher
TERP	:	Theoretical ex-rights price
TIH Online	:	Tricor's propriety owned application to facilitate shareholders to subscribe for the Rights Shares provisionally allotted and to apply for Excess Rights Shares electronically
Undertakings	:	Entitlement Undertaking and Additional Undertaking
UPS	:	Uninterrupted power supply
VWAMP	:	Volume weighted average market price
Warrants	:	Warrants 2016/2021 issued by our Company. As at LPD, our Company has 67,809,409 outstanding Warrants at the exercise price of RM0.30 each

All references to "**our Company**" in this Abridged Prospectus are to Hextar Industries, and where the context otherwise requires, "**our subsidiaries**" refers to the subsidiaries of Hextar Industries. "**Our Group**" collectively refers to our Company and our subsidiaries. All references to "**we**", "**us**" and "**our**" and "**ourselves**" are to our Company, or where the context requires, our Group or any of our subsidiaries.

All references to "**you**" and "**your**" in this Abridged Prospectus are to our Entitled Shareholders and/or, where the context otherwise requires, their renouncee(s) and/or transferee(s) (if applicable).

Unless specifically referred to, words denoting the singular shall include the plural and *vice versa* and words denoting the masculine gender shall include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

Certain amounts and percentage figures included in this Abridged Prospectus have been subject to rounding adjustments. Any discrepancy between the figures shown in this Abridged Prospectus and figures published by our Company, such as quarterly reports or annual reports, is due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as any representation or warranty that our Company's plans and objectives will be achieved.

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SUMMARY OF RIGHTS ISSUE

This summary of the Rights Issue only highlights the key information from other parts of this Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Issue size and basis of allotment : Up to 1,268,911,225 Rights Shares on the basis of 5 Rights Shares for every 1 existing Hextar Industries Share held on the Entitlement Date by the Entitled Shareholders.

The number of Rights Shares to be issued under the Minimum Scenario , Base Case Scenario and Maximum Scenario are as follows:-

	Minimum Scenario	Base Case Scenario	Maximum Scenario
No. of Rights Shares	195,833,335	929,864,180	1,268,911,225

Issue price : RM0.12, representing a discount of 20.0% to the TERP of the Hextar Industries Shares of RM0.15, calculated based on the 5-day VWAMP of Hextar Industries Shares up to and including the last Market Day preceding the price-fixing date.

Further details are set out in **Section 2.2** of this Abridged Prospectus.

Shareholder's undertakings : The Rights Issue is to be undertaken on a Minimum Subscription Level basis to raise gross proceeds of RM23.5 million.

Hextar has given the Undertakings dated 11 November 2020 as stated below to our Company to subscribe RM80.0 million worth of Rights Shares subject to the terms and conditions as set out in **Section 2.4** of this Abridged Prospectus which include compliance with the Public Spread Requirement.

- (i) subscribe for its entitlement based on its shareholdings on the Entitlement Date ("**Entitlement Undertaking**"). Hextar further undertakes that the shareholding of Hextar as at the Entitlement Date shall not be less than its current shareholdings of 171,333,900 Hextar Industries Shares (prior to the Share Consolidation); and
- (ii) to apply such additional number of Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), by way of Excess Rights Shares Applications ("**Additional Undertaking**"), subject always that the total amount subscribed by Hextar under the Entitlement Undertaking and Additional Undertaking shall be RM80.0 million.

In view of that our Company has obtained the Undertakings which is sufficient to fulfil the Minimum Subscription Level, our Company has not procured any underwriting arrangement for the remaining Rights Shares not subscribed for by the other Entitled Shareholders and/or their renounee(s) and/or their transferee.

Further details are set out in **Section 2.4** of this Abridged Prospectus.

SUMMARY OF RIGHTS ISSUE (CONT'D)

Use of proceeds : Based on the Minimum Scenario, Base Case Scenario and Maximum Scenario, our Company may raise the following proceeds from the Rights Issue which are intended to be utilised in the following manner:

Details	Timeframe for utilisation	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings	Within 6 months	12,000	33,500	33,500
Working capital	Within 24 months	10,500	77,084	117,769
Estimated expenses	Within 1 month	1,000	1,000	1,000
Total proceeds		23,500	111,584	152,269

Further details are set out in **Section 4** of this Abridged Prospectus.

Risk factors: : Before making an investment decision, you should carefully consider, along with the other information contained in this Abridged Prospectus, the risk factors which include, amongst others, as follows:-

- (i) Our fertiliser business performance is largely dependent on the oil palm industry which is subject to factors such as fluctuation in crude palm oil prices, changes in weather conditions and changes in consumer preference of consuming oil palm. In addition, our fertiliser segment is also exposed to competition from other suppliers, reliance on imported raw materials which are not easily replaceable, risk of equipment breakdown and reliance on major customers;
- (ii) Our heavy equipment business is dependent on the quarry and construction industry. Cancellation of constructions projects including infrastructure projects would adversely affect our heavy equipment business;
- (iii) Our equipment rental business will be adversely affected should there be any slowdown in the event industry which is evident during this COVID-19 pandemic;
- (iv) Our Group had just started the business of trading of industrial batteries and its related products/ peripherals in mid-2020. We may not be able to successful operate this new business well which could have an adverse impact on our financial performance; and
- (v) Any prolonged global spread of the COVID-19 pandemic and restrictive measures to curb the spread of COVID-19 pandemic could have material adverse impact to our Group's business.

Further details are set out in **Section 5** of this Abridged Prospectus.

Procedures for application for the Rights Issue : Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares must be made by way of the RSF enclosed together with this Abridged Prospectus or e-Subscription in accordance with the terms and conditions contained therein.

The last day, date and time for acceptance of and payment for the Provisional Allotments and the application and payment for the Excess Rights Shares is on **14 October 2021 at 5.00 p.m.**

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for and/or renounce their respective entitlements under the Rights Issue in full or in part.

Further details are set out in **Section 10** of this Abridged Prospectus.



HEXTAR INDUSTRIES BERHAD
(FORMERLY KNOWN AS SCH GROUP BERHAD)
(Registration No. 201101044580 (972700-P))
(Incorporated in Malaysia)

Registered Office:

Level 5, Block B
Dataran PHB Saujana Resort
Section U2
40150 Shah Alam
Selangor

29 September 2021

Board of Directors:

Dato' Chan Choun Sien	(Independent Non-Executive Chairman)
Ang Sui Aik	(Group Managing Director)
Wong Kin Seng	(Executive Director)
Sim Yee Fuan	(Independent Non-Executive Director)
Dato Sri Chee Hong Leong	(Independent Non-Executive Director)
Dato' Ong Choo Meng	(Non-Independent Non-Executive Director)
Ong Tzu Chuen	(Non-Independent Non-Executive Director)

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,268,911,225 NEW HEXTAR INDUSTRIES SHARES ON THE BASIS OF 5 RIGHTS SHARES FOR EVERY 1 EXISTING HEXTAR INDUSTRIES SHARE HELD AS AT 5.00 P.M. ON 29 SEPTEMBER 2021 AT AN ISSUE PRICE OF RM0.12 PER RIGHTS SHARE

1 INTRODUCTION

On 6 November 2020, AmInvestment Bank had, on behalf of our Board, announced that our Company proposes to undertake the rights issue of new Hextar Industries Shares to raise gross proceeds of up to RM155.0 million, the Share Consolidation and the Exemption.

On 12 January 2021, AmInvestment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 12 January 2021 approved, amongst others, the following:

- (i) the Share Consolidation;
- (ii) listing and quotation of up to 253,783,676 Consolidated Shares (assuming all of the 205,839,310 outstanding Warrants are exercised into new Hextar Industries Shares prior to the implementation of the Share Consolidation);

- (iii) listing and quotation of up to 68,613,103 Consolidated Warrants (assuming none of the outstanding Warrants are exercised prior to the implementation of the Share Consolidation);
- (iv) listing and quotation of up to 5,139,119,452 Rights Shares to be issued pursuant to the Rights Issue (assuming that the Rights Issue is implemented prior to the implementation of the Share Consolidation);
- (v) listing and quotation of up to 403,036,511 Additional Warrants to be issued arising from the adjustments pursuant to the Rights Issue (assuming that the Rights Issue is implemented prior to the implementation of the Share Consolidation);
- (vi) listing and quotation of up to 403,036,511 new Hextar Industries Shares to be issued arising from the exercise of the Additional Warrants (assuming that the Rights Issue is implemented prior to the implementation of the Share Consolidation);
- (vii) listing and quotation of up to 1,903,377,570 Rights Shares to be issued pursuant to the Rights Issue (assuming that the Rights Issue is implemented after the completion of the Share Consolidation);
- (viii) listing and quotation of up to 150,091,163 Additional Warrants to be issued arising from the adjustments pursuant to the Rights Issue (assuming that the Rights Issue is implemented after the completion of the Share Consolidation); and
- (ix) listing and quotation of up to 150,091,163 new Hextar Industries Shares to be issued arising from the exercise of the Additional Warrants (assuming that the Rights Issue is implemented after the completion of the Share Consolidation),

on the ACE Market of Bursa Securities.

The approval of Bursa Securities is subject to the following conditions:

Conditions	Status of compliance
(i) Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue.	To be complied
(ii) Our Company and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue.	To be complied
(iii) Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be complied

On 26 February 2021, our shareholders had approved the Proposals at our EGM.

On 9 March 2021, AmInvestment Bank had, on behalf of our Board, announced that the SC had, vide its letter dated 8 March 2021 approved the Exemption.

On 12 March 2021, AmInvestment Bank had, on behalf of our Board, announced that the Consolidated Shares and Consolidated Warrants will be listed and quoted on the ACE Market of Bursa Securities with effect from 9.00 a.m. on 15 March 2021, being the next market day of the Share Consolidation entitlement date.

On 12 July 2021, AmInvestment Bank had, on behalf of our Board, announced that the Bursa Securities had, vide its letter dated 12 July 2021 approved the extension of time of 6 months from 12 July 2021 to 11 January 2022 to complete the implementation of the Rights Issue.

On 8 September 2021, AmlInvestment Bank had, on behalf of our Board, announced that the SC had, vide its letter dated 7 September 2021 approved the extension of time from 7 September 2021 to 11 January 2022 to complete the implementation of the Rights Issue.

On 9 September 2021, AmlInvestment Bank had, on behalf of our Board, announced that the Board has resolved to fix the Issue Price at RM0.12 per Rights Share and entitlement basis of 5 Rights Shares for every 1 Hextar Industries Share.

On 14 September 2021, AmlInvestment Bank had, on behalf of our Board, announced that the Entitlement Date has been fixed at 5.00p.m. on 29 September 2021.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or AmlInvestment Bank.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2 THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails issuance of up to 1,268,911,225 Rights Shares at the Issue Price to the Entitled Shareholders on the basis of 5 Rights Shares for every 1 existing Hextar Industries Share held on the Entitlement Date. The Rights Issue is intended to be undertaken on a minimum subscription basis to raise gross proceeds of RM23.5 million.

As at the LPD, our Company's issued share capital is RM76,158,901 comprising of 185,972,836 Hextar Industries Shares. As at LPD, our Company also has 67,809,409 outstanding Warrants at the exercise price of RM0.30.

The number of Rights Shares to be issued based on Minimum Scenario (the Minimum Subscription Level and assuming no existing Warrants are exercised, Base Case Scenario (assuming no existing Warrants are exercised) and Maximum Scenario (assuming all existing Warrants are exercised) are as follows:-

	Minimum Scenario	Base Case Scenario	Maximum Scenario
No. of Rights Shares	195,833,335	929,864,180	1,268,911,225

The actual number of Rights Shares to be issued will depend on the eventual subscription level for the Rights Issue.

In determining our shareholders' entitlements to the Rights Shares, fractional entitlements, if any, will be disregarded and dealt with in such manner as our Board in its sole and absolute discretion deems fit and expedient, and in the best interest of our Company.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Issue in full or in part and/or renounce their entitlements to the Rights Shares in full or in part.

The Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) by the Closing Date will be made available for excess application by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s). It is the intention of the Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner on a basis as set out in **Section 10.9** of this Abridged Prospectus.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of Rights Shares which you are entitled to subscribe for and a RSF which is to be used for the acceptance of the Rights Shares provisionally allotted to you, and for the application of any Excess Rights Shares under the Excess Rights Shares Application, should you wish to do so.

However, only our Entitled Shareholders who have a registered address in Malaysia as stated in our Record of Depositors or who have provided the Share Registrar with a registered address in Malaysia in writing by the Entitlement Date will receive the Documents.

Upon allotment and issuance by our Company, the Rights Shares will be credited directly into the respective CDS Account(s) of yourself and/or your renounee(s) and/or transferee(s) who have successfully subscribed for the Rights Shares. No physical share certificates will be issued but notices of allotment will be issued to the successful applicants. We will allot the Rights Shares and despatch notices of allotment to successful applicants within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares.

The official listing of and quotation for the Rights Shares will commence after, among others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

2.2 Basis and justification for the Issue Price

The Issue Price of RM0.12 was determined and announced by the Board on the price-fixing date, after taking into consideration, inter alia, the following:-

- (i) the TERP of Hextar Industries Shares of RM0.15 based on the 5 Market Day VWAMP of Hextar Industries Shares up to and including, 8 September 2021, being the last Market Day immediately preceding the price-fixing date of RM0.3079.

The Issue Price of RM0.12 represents a discount of 20% to the TERP based on the 5 Market Day VWAMP immediately preceding the price-fixing date; and

- (ii) the prevailing market conditions and current and historical share price of the Hextar Industries Shares.

2.3 Ranking of the Rights Shares

The Rights Share shall, upon allotment and issuance, rank equally in all respect with the then Hextar Industries Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders of Hextar Industries, the entitlement date of which is prior to the date of allotment of the Rights Shares.

2.4 Subscription basis and major shareholder's undertakings

Our Company intends to undertake the Rights Issue on the Minimum Subscription Level basis to raise gross proceeds of RM23.5 million. The Minimum Subscription Level has been determined by our Board after taking into consideration the minimum level of funds that our Company requires to raise from the Rights Issue for the proposed utilisation of proceeds as set out in **Section 4** of this Abridged Prospectus as well as to ensure compliance with the Public Spread Requirement assuming only Hextar subscribes for the Rights Shares based on the shareholdings as at LPD.

Nevertheless, Hextar has given irrevocable undertakings dated 11 November 2020 to our Company to subscribe RM80.0 million worth of Rights Shares subject to the terms and conditions as set out below which include compliance with Public Spread Requirement.

Hextar's irrevocable undertakings may be summarised as follows:-

- (i) to subscribe for its entitlement based on its shareholdings on the Entitlement Date ("**Entitlement Undertaking**"). Hextar further undertakes that the shareholding of Hextar as at the Entitlement Date shall not be less than its shareholdings of 171,733,900 Hextar Industries Shares (prior to the implementation of the Share Consolidation) as at 11 November 2020;
- (ii) to apply such additional number of Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s), by way of Excess Rights Shares Applications ("**Additional Undertaking**"), subject always that the total amount subscribed by Hextar under the Entitlement Undertaking and Additional Undertaking shall be RM80.0 million; and

the subscription obligations under Undertakings are subject to the following:-

- (a) our Company being able to comply with the Public Spread Requirement. For clarification, in the event the rights subscription by Hextar pursuant to its Entitlement Undertaking and/or Additional Undertaking will result in Hextar Industries breaching the Public Spread Requirement, Hextar will subscribe for the maximum possible number of Rights Shares that enables Hextar Industries to meet the Public Spread Requirement upon completion of the Rights Issue; and
- (b) the approval of the SC for the Exemption being obtained.

The Entitlement Undertaking and Additional Undertaking shall collectively be referred to as ("**Undertakings**").

The Excess Rights Shares Application by Hextar will be applied on the same basis as the other Entitled Shareholders and/or their renounee(s) and/or transferee(s). Any Excess Rights Shares will be allocated on a basis as set out in **Section 10.9** of this Abridged Prospectus.

As at LPD, Hextar holds 57,244,632 Hextar Industries Shares, representing approximately 30.8% of the total issued share capital of Hextar Industries. Pursuant thereto, Hextar's entitlement to subscribe the Rights Shares is up to its shareholdings in Hextar Industries of approximately 30.8%.

Hextar's subscription level pursuant to the Undertakings is dependent on the level of subscription by the public shareholders of Hextar Industries. For illustration purposes, the number of Rights Shares to be subscribed by Hextar under the Undertakings, based on the public shareholding spread as at LPD of 65.3% is as follows:-

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Minimum Scenario

Existing Direct Shareholdings as at LPD	Subscription Pursuant to the Undertakings			Direct Shareholdings after Rights Issue
	Entitlement ^(a)	Excess Application	Amount of Undertakings by Hextar	
No.'000	No.'000	No.'000	RM'000	No.'000
%	%	%		%
57,245	195,833	-	23,500	253,078
30.8	100.0	-		66.3

Assuming only Hextar subscribed up to the Minimum Subscription Level

Notes:-

(a) Based on 195.8 million Rights Shares to be issued under the Minimum Scenario.

(b) The above is for illustration purposes only. Under the Undertakings, Hextar is to subscribe the maximum possible number of Rights Shares that enable Hextar Industries to meet the Public Spread Requirement upon completion of the Rights Issue. Based on public shareholding spread as at LPD, Hextar is to subscribe RM36.0 million Rights Shares (assuming only Hextar subscribed to the Rights Shares and none of the existing Warrants are exercised) as illustrated below.

None of the Existing Warrants are Exercised

Existing Direct Shareholdings as at LPD	Subscription Pursuant to the Undertakings			Direct Shareholdings after Rights Issue
	Entitlement	Excess Application	Amount of Undertakings by Hextar	
No.'000	No.'000	No.'000	RM'000	No.'000
%	%	%		%
57,245	286,223	380,443	80,000	723,911
30.8	30.8 ^(b)	40.9 ^(b)		74.3
57,245	286,223	13,877	36,012 ^(c)	357,345
30.8	30.8 ^(b)	1.5 ^(b)		73.5

Assuming only Hextar and 122.2 million Rights Shares^(a) are subscribed by the public shareholders ("122.2 m Public Subscription")

Assuming only Hextar subscribed for the Rights Shares

Notes:-

(a) Based on Hextar subscribing RM80.0 million Rights Shares pursuant to the Undertakings.

(b) Based on the maximum 929.9 million Rights Shares to be offered to Entitled Shareholders under the Base Case Scenario.

(c) The amount to be subscribed by Hextar is less than RM80.0 million as it is limited by the Public Spread Requirement.

All Existing Warrants are Exercised

Direct Shareholdings assuming all outstanding Warrants are exercised ^(b)	Subscription Pursuant to the Undertakings			Direct Shareholdings after Rights Issue
	Entitlement	Excess Application	Amount of Undertakings by Hextar	
No.'000	No.'000	No.'000	RM'000	No.'000
%	%	%		%
57,245	286,223	380,443	80,000	723,911
22.6 ^(b)	22.6 ^(c)	30.0 ^(c)		74.3
57,245	286,223	217,300	60,423 ^(d)	560,768
22.6 ^(b)	22.6 ^(c)	17.1 ^(c)		74.0

Assuming only Hextar and 54.4 million Rights Shares^(a) are subscribed by the public shareholders ("54.4 m Public Subscription")

Assuming only Hextar subscribed for the Rights Shares

Notes:-

(a) Based on Hextar subscribing RM80.0 million Rights Shares pursuant to the Undertakings.

(b) Based on the enlarged number of Hextar Industries Shares of 253.8 million shares on Entitlement Date assuming all outstanding Warrants are exercised.

(c) Based on the maximum 1,268.9 million Rights Shares to be offered to the Entitled Shareholders under the Maximum Scenario.

(d) The amount to be subscribed by Hextar is less than RM80.0 million as it is limited by the Public Spread Requirement.

The pro forma public shareholding spread is illustrated as follows:-

Particulars	Existing		After Proposed Rights Issue			
	No.'000	%	As at LPD	Minimum Scenario	None of the Existing Warrants are Exercised	All Existing Warrants are Exercised ^(a)
Issued share capital	185,973	100.0				
Less:						
Hextar	57,245	30.8				
Directors	7,200	3.9				
Public shareholding spread	121,528	65.3				
			None of the Existing Warrants are Exercised	Only Hextar &122.2m Public Subscription	Only Hextar &54.4m Public Subscription	Only Hextar Subscribed
			No.'000	%	No.'000	%
			185,973	100.0	974,839	100.0
			381,806	100.0	486,073	100.0
			253,078	66.3	723,911	74.3
			7,200	1.9	7,200	0.7
			121,528	31.8	243,728	25.0
			723,911	74.3	357,345	73.5
			7,200	1.5	7,200	1.5
			243,730	25.0	121,528	25.0
			974,849	100.0	974,849	100.0
			757,305	77.3	757,305	77.3
			560,768	60.3	560,768	60.3
			7,208	0.7	7,208	0.7
			189,329	20.0	189,329	20.0

Note:-

(a) Have taken into consideration all outstanding Warrants are exercised into new Hextar Industries Shares prior to Entitlement Date.

Depending on, amongst others, the subscription level of our Company's public shareholders and shareholdings of our Company's non-public shareholders, the maximum shareholdings that Hextar could hold in Hextar Industries is 75% as the subscription by Hextar pursuant to the Undertakings cannot result in Hextar Industries to not comply with the Public Spread Requirement.

Due to the Undertakings, Hextar's shareholdings could increase from existing 30.8% to above 33.0% and Hextar and its PACs will be obliged to undertake the Mandatory Offer.

Hextar and its PACs have obtained the approval from SC on 8 March 2021 for the grant of an exemption to undertake the Mandatory Offer under paragraph 4.08(1)(b) of the Rules, after obtaining the approval of the non-interested shareholders of our Company at our EGM which was held on 26 February 2021 for, amongst others, the Exemption pursuant to paragraph 4.08(2)(b) of the Rules to waive their rights to receive the Mandatory Offer.

Hextar has confirmed that it has adequate financial means and resources for the Undertakings and it will make full payment for the Rights Shares upon subscription/application pursuant to the Undertakings.

AmInvestment Bank has verified the sufficiency of Hextar's financial resources for the purpose of subscribing for the Rights Shares pursuant to the Undertakings.

On the basis that the Minimum Subscription Level will be satisfied by Hextar pursuant to the Undertakings, our Company has not procured any underwriting arrangement for the remaining Rights Shares not subscribed by the other Entitled Shareholders and/or their renounee(s) and/or transferee(s).

If the Minimum Subscription Level is not achieved by reason of Hextar failing to fulfil its Undertakings, the implementation of the Rights Issue will be terminated and all subscription monies received will be immediately returned to the subscribers without interest.

2.5 Details of other corporate exercises

Our Board confirms that there are no other outstanding corporate exercises which have been announced and/or approved by the regulatory authorities but have yet to be completed as at the LPD.

3 RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise funds for the proposed utilisation as set out in **Section 4** below, which include for working capital requirements and reduce bank borrowings, both of which are expected to contribute positively to our Group in the future.

The fertilisers segment is the main revenue contributor to our Group. For the FY 2020 and 9MFP2021, fertilisers segment contributed RM81.6 million (approx. 67.3%) and RM57.8 million (approx. 62.1%) to our Group's consolidated revenue respectively.

Our Board believes that future demand for fertilisers in the oil palm industry should be positive. Smith Zander also forecasts the demand for fertiliser to increase by 6.63% from RM4.83 billion in 2020 to RM5.15 billion in 2021 as set out in **Section 6.2** below. Our Board believes that it is an appropriate time to expand our fertiliser business.

Our Company intends to use a major portion of the rights proceeds allocated for working capital for the fertilisers segment for the expansion in Malaysia.

In addition, the unprecedented COVID-19 pandemic has affected the operations of our Group's equipment rental business. With the constraint on the movement of people amid COVID-19 pandemic, many organisers had postponed or cancelled events. To address the aforementioned loss of income, our Group is proposing to use the rights proceeds to expand

the trading of our range of industrial products in particular batteries and related products/peripherals. Despite the forecast of the manufacturing sales value of batteries including industrial batteries to decrease by 15.67% to RM4.36 billion in 2021, Smith Zander believes that as the impact of the COVID-19 pandemic subsides and economic conditions recover, the industrial battery industry is expected to recover driven by the demand drivers as outlined in **Section 6.4.1** below. Smith Zander also notes that from 2017 to 2019, the total generation capacity contributed from renewable energy sources in Southeast Asia increased from 61,167 MW to 72,361 MW at a CAGR of 8.77%. Smith Zander believes the increasing adoption of renewable energy will spur the demand for industrial batteries.

The proceeds will also be used to purchase heavy equipment and parts where currently the business operations in the construction and quarry related activities are allowed to operate subject to adherence with certain standard operating procedures.

After due consideration of the various methods of fundraising, our Board is of the opinion that the Rights Issue is the most appropriate avenue of raising funds for our Group in view that the Rights Issue will strengthen our Group's financial position with enhanced our shareholders' funds and reduced gearing level.

Our Board has considered to raise funds via bank borrowings. However, our Board believes that our capacity to borrow the amount equivalent to approximately RM110.0 million (Base Case Scenario) is challenging in view of our existing financial position with bank borrowings of RM60.8 million as at 31 August 2021. For additional bank borrowings, our Group would also have to incur interest expense, resulting in an immediate higher annual cash outflow.

The Rights Issue will also provide the opportunity for all our shareholders to participate in the fundraising exercise of our Company on a pro-rata basis and ultimately, participate in the prospects and future growth of our Group as opposed to fundraising via private placement where only selected investors can participate.

4 USE OF PROCEEDS

The gross proceeds raised under the Minimum Scenario, Base Case Scenario and Maximum Scenario are expected to be used in the following manner:-

Details	Note	Timeframe for utilisation*	Minimum Scenario		Base Case Scenario		Maximum Scenario	
			RM'000	%	RM'000	%	RM'000	%
Repayment of bank borrowings	(i)	Within 6 months	12,000	51.1	33,500	30.0	33,500	22.0
Working capital	(ii)	Within 24 months	10,500	44.7	77,084	69.1	117,769	77.3
Estimated expenses	(iii)	Within 1 month	1,000	4.2	1,000	0.9	1,000	0.7
Total proceeds			23,500	100.0	111,584	100.0	152,269	100.0

Notes:-

* From the date of listing of the Rights Shares on the ACE Market of Bursa Securities.

(i) Repayment of bank borrowings

As at 31 August 2021, our Group has total borrowings of approximately RM60.8 million. The repayment of the bank borrowings under the Minimum Scenario is expected to result in interest savings of approximately RM0.5 million per annum based on the interest rate of approximately 4.50%.

The repayment of the bank borrowings under the Base Case and Maximum Scenario of RM33.5 million is expected to result in interest savings of approximately RM1.5 million per annum, the weighted average interest rate of which is approximately 4.37%.

The details for the repayment of bank borrowings as at 31 August 2021 are as follows:-

Facilities	Maturity date	Amount outstanding as at 31 August 2021 RM'000	Amount to be repaid		Interest rate %
			Minimum Scenario RM'000	Base Case/ Maximum Scenario RM'000	
Term loan 1	1 September 2025	30,120	12,000	29,885	4.50
Term loan 2	15 February 2032	1,603	-	1,603	3.19
Term loan 3	1 September 2032	1,096	-	1,096	3.60
Term loan 4	1 August 2038	927	-	916	3.27
Total		33,746	12,000	33,500	

Our Group intends to repay our bank borrowings to reduce the interest expense as well as the gearing level of our Group. There would be no penalty imposed for early repayment of the bank borrowings except for term loan 2, of which a penalty will be charged for early settlement before February 2022. In this relation, our Group intends to seek a waiver or to settle term loan 2 only after February 2022.

The initial purposes of the term loans were as follows:-

- Term loan 1** : For the acquisition of 100% equity interest in TK Tent & Air-Conditioning Rental Sdn Bhd and 83.33% equity interest in PK Fertilizers (Sarawak) Sdn Bhd in 2018. The acquisitions were completed in 2018.
- Term loan 2** : Construction of our office and warehouse in Kuala Lumpur. The construction was completed in 2017.
- Term loan 3** : Acquisition of our warehouse in Johor. The acquisition was completed in 2017.
- Term loan 4** : Acquisition of our industrial building in Sarawak. The acquisition was completed in 2017.

As at 31 August 2021, RM46.3 million of the Group's RM60.8 million total borrowings are term loans. The term loans are made up of 5 term loans. After due consideration, our Group has decided to only allocate the Rights Issue proceeds to term loan 1 to 4 after taking into consideration the maturity date and the amount outstanding. Term loan 5 will only mature in 2034. Notwithstanding term loan 4 will expire in 2038 (after term loan 5), our Group has decided to settle this loan in view of the small amount outstanding. The source of repayment for term loan 5 is expected to be from internally generated funds.

Any deviation in actual repayment of bank borrowings will be adjusted to/from amount allocated for working capital.

(ii) Working capital

As at 31 August 2021, our Group has cash and bank balances of RM16.3 million. Nonetheless, our Group will require additional funds for working capital mainly for the Group's expansion plans as set out in **Section 6.5** of this Abridged Prospectus.

Our Group intends to use the amount allocated for working capital purposes in the following manner:-

Description	Note	Minimum Scenario		Base Case Scenario		Maximum Scenario	
		RM'000	%	RM'000	%	RM'000	%
Purchase of direct materials and fertilisers	(a)	6,222	59.3	53,849	69.9	80,534	68.4
Purchase of industrial products	(b)	1,400	13.3	11,550	15.0	21,350	18.1
Purchase of heavy equipment and spare parts	(c)	600	5.7	4,950	6.4	9,150	7.8
Other operating expenses	(d)	2,278	21.7	6,735	8.7	6,735	5.7
		10,500	100.0	77,084	100.0	117,769	100.0

(a) Purchase of direct materials and fertilisers

Our Group's fertiliser segment is operated mainly via our 83.33% owned subsidiary, PK Fertilizers (Sarawak) Sdn Bhd, which was acquired in August 2018. Our fertilisers segment is the main revenue contributor to our Group. Based on our audited FY 2020 results, RM81.6 million (approx. 67.3%) of our Group's revenue was contributed by the fertiliser segment.

Our Group's fertiliser products are generally split into the following types:-

- (a) straight fertiliser – a fertiliser that will provide one or two nutrients to the crop;
- (b) mixtures fertiliser – granulated fertiliser containing most of the important nutrients for the crop; and
- (c) compacted compounds – a fertiliser that have all the primary nutrients readily mixed to ensure balanced fertilization.

The fertilisers produced and distributed by our Group, include but not limited to Kal-Mag (i.e. fertiliser containing Nitrogen, Phosphorus, Potassium and Magnesium), granular blend fertiliser, micronutrient fertiliser, imported compound fertiliser, control release fertiliser, organic compound fertiliser and household fertiliser.

We supply fertilisers to companies which are involved in the oil palm industry and wholesalers which we believe also supply to the oil palm industry. These companies and wholesalers contributed over 80% of our revenue for FY 2020. Our Group is looking to expand our fertiliser segment. In addition to expand our primary market in Sarawak, our Group is also planning to expand to other parts of Malaysia, i.e. Peninsular Malaysia, which our Company has started in FY 2021, and Sabah. For Peninsular Malaysia, our Group has recorded sales of approximately RM6.9 million for 9MFP2021. Our Group is in the midst of setting up a new sales team in Peninsular Malaysia. Currently, sales are being sourced by our senior management.

Our Group expects that our processing plant in Bintulu Sarawak to continue to manufacture and produce fertilisers for the Sarawak market. For other parts of Malaysia (i.e. Peninsular Malaysia and Sabah), our Group plans to purchase fertilisers from other suppliers after taking into consideration the transportation costs, cost of the fertiliser as well as the capacity of our existing plant. Our Group intends to offer a similar range of fertilisers (as mentioned above) in Peninsular Malaysia and Sabah.

The proceeds from the Rights Issue for the fertiliser segment is expected to be used as follows:-

Description	Note	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Purchase of direct materials	(aa)	6,222	15,680	24,980
Purchase of fertilisers	(bb)	-	38,169	55,554
		6,222	53,849	80,534

The proportion above could change depending on, amongst others, whether it would be more economically for our Group to manufacture our own fertilisers as compared to purchasing. This would depend on, amongst others, the transportation costs, cost of the fertilisers as well as the capacity of our plant.

Notes:-

- (aa) The proceeds from the Rights Issue will be allocated for the purchase of direct material for our fertiliser business, including but not limited to, ammonium chloride, ammonium sulphate, urea, egyptian rock phosphate, muriate of potash and kieserite. It is envisaged that the materials will be sourced primarily from suppliers based in Malaysia including Hextar Group, China, Japan, Russia, Australia, Middle East and Indonesia.

All of these direct materials can be used as a single nutrient fertilisers i.e. straight fertilisers. All purchases from Hextar Group shall be in accordance with the Listing Requirements, including but not limited to, seeking mandate from our shareholders for Recurrent Related Party Transactions annually.

- (bb) Our Group proposes to utilise part of the proceeds from the Rights Issue to purchase fertilisers for trading in Peninsular Malaysia and Sabah. Our Group may also purchase fertilisers for the Sarawak market if our current processing plant cannot meet the demand or it is more economical to purchase the fertilisers as compared to manufacturing. It is envisaged that the fertilisers will be sourced primarily from suppliers based in Malaysia including Hextar Group. All purchases from Hextar Group shall be in accordance with the Listing Requirements, including but not limited to, seeking mandate from our shareholders for Recurrent Related Party Transactions annually.

(b) Purchase of Industrial products

Our Group proposes to expand the trading of industrial products especially the industrial batteries and related products/peripherals in Malaysia and Southeast Asia market.

The industrial batteries which will be sourced from China and Germany, via direct import and/or local and foreign distributors, include but not limited to the following:-

- (i) Battery to store solar power. The battery can be used off-grid or on-grid. These batteries are mainly used in the rural areas.
- (ii) Battery to ensure uninterrupted power supply in case of malfunctions or failures for the operation of emergency power. These batteries are mainly used for, amongst others, data centres and telecommunication infrastructures to power disruption.

The related products/peripherals will be sourced primarily from China, include but not limited to, inverters (converts the variable direct current (DC) output of a photovoltaic solar panel into a utility frequency alternating current (AC) that can be fed into a commercial electrical grid or used by a local, off-grid electrical network) and solar panel, rectifiers, UPS system, and load banks.

(c) Heavy equipment and spare parts

The heavy equipment and spare parts, include but not limited to vertical-shaft impact rasher, mobile crusher, crawler drill, breaker and ripper. Our Group intends to continue to source most of the heavy equipment and spare parts from suppliers in Korea, Japan and China to supply primarily to the Malaysian quarry industry.

Any excess of the amount allocated for the purchase of industrial products and heavy equipment and spare parts above will be adjusted to the working capital for the purchase of direct materials and fertilisers.

(d) Other operating expenses

Other operating expenses include, amongst others, payment of overhead expenses, sales and distribution expenses and administrative expenses such as salaries and utilities.

The actual breakdown of these expenses cannot be determined at this juncture as they will vary according to the actual operating and administration requirements of our Group at the relevant time.

Any excess of the amount allocated for the other operating expenses above will be adjusted to the working capital for the purchase of direct materials and fertilisers.

(iii) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals (including the Rights Issue) is illustrated below:-

Estimated expenses	Amount RM'000
Professional fees ⁽ⁱ⁾	900
Fees to relevant authorities	60
Printing, despatch, meeting expenses and miscellaneous expenses	40
Total	1,000

Note:-

- (i) *Comprise estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, solicitors, reporting accountants, independent adviser for the Exemption (Malacca Securities Sdn Bhd) and the Independent Market Researcher.*

The actual gross proceeds to be raised will depend on the actual number of Rights Shares to be issued.

The proceeds in excess of the RM23.5 million under the Minimum Subscription Level are expected to be utilised up to its respective maximum allocations in the following order:-

- (a) repayment of bank borrowings; and
- (b) working capital.

Pending utilisation of the proceeds from the Rights Issue, the proceeds will be placed in interest-bearing deposits with financial institutions.

5 RISK FACTORS

In addition to the other information contained in this Abridged Prospectus, you should carefully consider the following risk factors, which may have an impact on the future performance of our Group, before subscribing for or investing in the Rights Shares.

5.1 Risks relating to our Group's business generally

5.1.1 Risk from the COVID-19 pandemic

The Malaysian economy was affected by the outbreak of the COVID-19 pandemic in 2020 due to the MCO implemented by the Malaysian Government as well as the fear of contracting the virus. Our normal operations were disrupted and some of operations were closed during the first phase of MCO from March to May 2020. Thereon, there was various restriction in movement measures imposed by the Government.

The COVID-19 pandemic had disrupted the rental business of our Group's event division with the postponement and/or cancellation of events. Our Group recorded a decrease in equipment rental revenue for the FY 2020 by approximately RM5.9 million as compared to the preceding year (FY 2020: RM11.0 million and FY 2019: RM16.9 million), mainly due to constraints on movement amid COVID-19 pandemic, which affected our Group's sales within the events sector.

The temporary halt of construction and quarry related activities during the first MCO period (i.e. from March to May 2020) had also affected our heavy equipment distribution business. Our Group recorded a decrease in heavy equipment revenue by approximately RM3.9 million to RM2.9 million in the third quarter (March to May) of FY 2020 as compared to the same period in the preceding year of RM6.8 million. As at LPD, the construction and quarry related activities are allowed to operate subject to adherence with certain standard operating procedures.

Our fertiliser manufacturing activities are affected by the COVID-19 pandemic. Some of the raw materials used are from overseas and the supply and import of such materials are affected by the worldwide pandemic. The personnel required for the manufacturing operations are also affected by, amongst others, our employees' health condition and the standard operating procedures imposed by the authorities. These factors have reduced our level of production.

The overall impact of the COVID-19 pandemic on our Group's businesses would depend on the duration and spread of the outbreak as well as the policy responses by the authorities. Any prolonged global spread of the COVID-19 pandemic and restrictive measures to curb the spread of COVID-19 pandemic could have adverse material impact to our Group's business.

5.1.2 Dependence on key management and qualified personnel

Our Group depends on the continued services of our management team and skilled employees who have experience in the fertilisers, heavy equipment; and equipment rental and industrial products business.

The success of the operations of our Group also depends largely on our continued efforts and ability to attract, retain, manage and motivate skilled professionals with the requisite experience. The loss of any of our key management personnel and/or skilled employees without suitable and timely replacement may have a material adverse impact on the operations and future performance of our Group.

5.1.3 Customers credit risk

Our financial performance and position are dependent, to a certain extent, on the creditworthiness of our customers.

We generally grant our customers credit terms up to 120 days, depending on the credit profile of the customers. We have in the past faced certain credit risk whereby our customers did not make payment within the credit period given to them. There is no assurance that we will be able to collect such debts on time, or at all. If our customers experience cash flow difficulties or a decline in their business performance, they may default in their payments to us. As a result, we may experience payment delays or in more severe cases, non-recovery of debts from our customers. We would then have to make provisions for doubtful debts, or incur debt write-offs, which may have an adverse impact on our financial performance. For FY 2020, our net impairment loss on trade receivable amounted to RM1.9 million.

5.1.4 Foreign currency exchange fluctuation

Most of our purchases of the fertiliser's direct materials, industrial products and heavy equipment and spare parts are transacted in foreign currencies mainly in USD, while our revenue is mainly denominated in RM. Our industrial batteries are also sourced from China and Germany, via direct import and/or foreign distributors, while heavy equipment and spare parts are imported from Korea, Japan and China. In addition, the direct materials for our fertiliser segment are also sourced from China, Japan, Russia, Australia, Middle East and Indonesia.

There is no assurance that any foreign exchange fluctuation will not have an adverse impact on our financial performance.

5.1.5 Interest rate risk

As at 31 August 2021, our Group has total borrowings of approximately RM60.8 million, which represents a gearing ratio of 0.73 times. All our bank borrowings are interest-bearing. Any adverse movements in interest rates could lead to higher borrowing costs which will have adverse impact on our Group's profitability.

Our credit facilities also contain covenants which limit our Group's operating and financing flexibility as certain plans and/or proposals may be restricted or require the consent of the relevant financial institutions. A breach of the credit facilities' covenants may result in termination of the relevant credit facility which could reduce our working capital and thereby, adversely affecting our operations.

5.1.6 Political, economic and regulatory risks

Any adverse developments in the political, economic and regulatory conditions in Malaysia, could materially and adversely affect our Group's business, financial performance, and prospects. Political and economic uncertainties include but are not limited to, changes in labour laws, availability of labour, a switch in political leadership and/or changes in the government's policies including on controlled articles (i.e. fertilisers), interest rates, methods of taxation, monetary and fiscal policy and licensing regulations and economic downturn. These factors are generally beyond the management's control.

5.2 Risks relating to our fertilisers business

5.2.1 Our fertiliser business is dependent on the oil palm industry

For the FY 2020 and 9MFP2021, our Group's revenue for the fertilisers segment was mainly from the oil palm industry. The growth of our fertiliser business would be dependent on various factors which affects the oil palm industry, such as the following:-

- (a) Fluctuation in crude palm oil's prices which is subject to market vagaries.
- (b) Changes in the weather conditions. Weather has a key impact on oil palm yields. Global warming and weather phenomena such as El Nino and La Nina, in particular, have affected the weather in Malaysia. Prolonged dry conditions brought on by El Nino and prolonged wet condition brought on by La Nina would result in the reduction of the oil palm yield.
- (c) Changes in consumer preference of consuming palm oil. Palm oil faces strong competition from substitute oils such as soybean oil and rapeseed oil. Changes in the consumer preference from palm oil to other edible oil for whatever reasons would have a negative impact on the oil palm industry.

Any adverse changes to the above, would have a negative impact on the oil palm industry. This will consequently have an adverse impact on our Group's performance and growth if we are not able to shift the supply of our fertilisers to other agriculture crops such as paddy and rubber.

5.2.2 Competition from other fertiliser producers

Our Group supplies straight, mixture and compacted compound fertilisers. Our fertilisers are generic in nature with little product differentiation. Hence, our Group is subject to price competition from our competitors as customers make their purchasing decisions principally on the basis of delivered price and to a lesser extent on customer service and product quality.

5.2.3 Reliance on raw materials supplies

Most of our raw materials used in the process of mixing and manufacturing of various fertilisers are imported from China, Japan, Russia, Australia, Middle East and Indonesia. Our Group uses various ingredients such as urea, magnesium, potassium, phosphorus, ammonium sulphate, ammonium chloride and other types of ingredients as its principal raw materials for mixing/producing fertilisers. These raw materials are not easily replaceable as various studies need to be carried out to ensure that the raw materials are suitable and that they meet our requirements.

Our Group's reliance on imports for various raw materials may pose a risk to our business in the event of, among others, shortage of supply, delays in shipment, imposition of duties and/or taxes, and increase in transportation costs which will have an adverse impact on our financial performance.

5.2.4 Breakdown of equipment at our processing plant

Our mixtures and compacted fertilisers are processed and manufactured at our plant in Bintulu, Sarawak. Any prolonged suspension of our processing plant arising from unexpected equipment breakdown or damage to our facilities would affect our production. In such event, we may need to purchase fertilisers to meet the demand. In the event that we are not able to procure sufficient fertilisers or the purchase costs is higher than our cost to produce, it would have a negative impact on our financial performance.

5.2.5 Reliance on major customers

The top 3 customers in FY 2020 and 9MFP2021 contributed approximately 50.1% and 56.9% to the revenue of the fertiliser segment respectively. Our Group has entered into contracts with these customers to supply fertilisers for period of less than 1 year. In view of the short tenure of the contract, there is no assurance that these major customers will continue to purchase our products in the future or maintain the current level of business activities with them. Any cancellation or delay in orders from these major customers, or termination of relationship with them, we may not be able to secure other customers who are able to contribute similar proportion of revenue. In such event, our business operation and financial performance will be adversely affected.

5.3 Risks relating to our heavy equipment, equipment rental and trading of industrial products business

5.3.1 Our heavy equipment business is dependent on the quarry and construction industry

Our Group's heavy equipment business primarily involved in manufacturing, trading and distributing heavy equipment, spare parts and industrial products primarily for use in the quarry industry.

The products from quarries and mines are commonly used as building materials in the construction industry. The construction industry is reliant on the Malaysian economy as well as the infrastructure development in Malaysia. A decline in the economic conditions may result in delays and cancellation of construction projects including infrastructure projects, which would have a cascading effect on the demand of our heavy equipment.

Our heavy equipment business was adversely affected by the COVID-19 pandemic, particularly the first MCO imposed by the Malaysian Government in March 2020 with strict order such as reduction of operating hours and work force had affected the quarry and construction industry. Despite the recent imposition of different phases of domestic containment measures, the impact to our heavy equipment business was not as significant as compared to the first MCO. Currently, the construction and quarry related activities are allowed to operate subject to adherence with certain standard operating procedures. Nevertheless, should the Malaysian Government impose more stringent restrictive measures, it could disrupt the construction and quarry related activities again and adversely affect our business operation.

5.3.2 Our equipment rental business is mainly dependent on the event industry

Our Group supplies equipment to local and overseas event organisers/ planners. Our Group supplies, amongst others, air conditioning and cooling systems, power distribution equipment, display and exhibition furniture, and temporary structures for the events.

Our Group equipment rental business will be adversely affected should there be any slowdown in the event industry. This was evident during this COVID-19 pandemic where large-scale events and gatherings were prohibited which had led to postponement and/or cancellation of events. This has adversely affected our equipment rental business and financial performance of our Group.

5.3.3 Our industrial batteries business is a new business to the Group

Our Group had just started the business of trading of industrial batteries and its related products/ peripherals in mid- 2020. Our Group's ability to successfully expand into this new business segment is dependent upon, amongst others, our ability to retain and hire experience personnel with expertise in this business segment, our ability to understand and know our customers and stability of the commodity prices.

The ability to retain and hire experience personnel is important as it will enable our Group to navigate and grow this new business. In addition, we would need to know our new customers well in order for us to accurately assess their credit profile. We typically provide credit terms of up to 120 days. There is no assurance that our customers will honour the commitment to repay the amount owed to us.

The stability of the commodity prices such as steel, aluminium and building materials is also crucial. Fluctuation in these prices could result in postponement or cancellation of the construction of data centres, telecommunications infrastructure and solar power plants, all of which require the use of industrial batteries. This would thereon affect the demand of industrial batteries.

Our Group may not be able to successful operate this new business well and this may have an adverse impact on our financial performance.

5.3.4 No long-term rental contracts with customers

Our equipment rental business mainly provides temporary cooling solution for the event and non-event sector to customers on a daily or short-term basis. Our customers do not usually enter into long-term contacts for the rental of such temporary cooling solution. Our business performance and profitability may be adversely affected by our customers' preferences such as whether to rent and/or purchase the related equipment/products from us. These preferences may change according to the market conditions, the competition in the market and the type of project/event. As such, there is no guarantee our customers will be recurring.

5.4 Risks relating to the Rights Issue

5.4.1 Capital market risk

The market price of the new securities arising from the Rights Issue are subject to fluctuations and will be influenced by, amongst others, large block trades of the Hextar Industries Shares on the open market, announcements of developments relating to our Group's business, fluctuations in our operating/financial results or revenue levels and changes in regulatory requirements or market conditions.

In addition, external factors such as economic, political and industry conditions and stock market sentiments/liquidity could also adversely affect the price of Hextar Industries Shares and the Warrants. There can be no assurance that the market price of Hextar Industries Shares will be traded above the TERP after the completion of Rights Issue.

5.4.2 Delay in or abortion of the Rights Issue

The Rights Issue is intended to be undertaken on Minimum Subscription Level. In this respect, our Company has procured the Undertakings from our largest shareholder, Hextar (as detailed in **Section 2.4** of this Abridged Prospectus) to meet the Minimum Subscription Level, and has not procured any underwriting arrangement. As such, the successful implementation of the Rights Issue is dependent upon the fulfilment of Undertakings by Hextar. The Rights Issue may also be aborted or delayed or its implementation not completed due to, amongst others, material change in events/circumstances, such as flood, storm and epidemic, which are beyond the control of our Company and AInvestment Bank, arise prior to the completion of the Rights Issue.

Where prior to the issuance and allotment of the Rights Shares to the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable):

- (a) the SC issues a stop order under Section 245(1) of the CMSA, all applications shall be deemed to be withdrawn and cancelled and we shall repay all monies

paid in respect of the applications for our Rights Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

- (b) Rights Issue is terminated other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any Rights Shares, and all monies paid in respect of all applications for our Rights Shares will be refunded free of interest.

In the event that the Rights Shares have been allocated to the successful Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) and:

- (a) the SC issues a stop order under Section 245(1) of the CMSA, any issue of our Rights Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (b) our Rights Issue is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders may only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by way of special resolution in a general meeting and supported by either:-
 - (aa) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or
 - (bb) a solvency statement from the directors.

5.4.3 Potential dilution

The Entitled Shareholders who do not subscribe to their entitlements under the Rights Issue will have a reduction in their proportionate percentage of shareholdings and voting interest in our Company based on the enlarged issued share capital of our Company, as a result of the issuance of new Hextar Industries Shares pursuant to the Rights Issue. Consequently, their proportionate entitlements to any future distribution, rights and/or allotment that our Company may declare, make or pay after completion of the Rights Issue will be correspondingly diluted.

5.5 Risks relating to forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions and estimates made by our Company, unless stated otherwise, and although our Board believes these forward-looking statements to be reasonable, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include but are not limited to the risk factors set out in this Abridged Prospectus.

In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6 INDUSTRY OVERVIEW AND FUTURE PROSPECTS

As at LPD, our Group is mainly involved in the fertiliser, heavy equipment, and equipment rental and industrial products business. Our Group primarily operates in Malaysia.

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 16.1% in the second quarter of 2021 (1Q 2021: -0.5%). Growth was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected continued policy support and the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter but slowed following the re-imposition of stricter nationwide containment measures, particularly under Phase 1 of the Full Movement Control Order (FMCO). For the second quarter as a whole, all economic sectors registered an improvement, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), due to the containment measures.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2021, Bank Negara Malaysia)

The Malaysian economy was on track for a broad recovery in 2021 as compared to last year. However, the resurgence of COVID-19 cases has necessitated the re-imposition of nationwide containment measures, which would weigh on growth. Nevertheless, the impact will be partially mitigated by continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will continue to be supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the economic recovery will be underpinned by higher external demand and gradual improvement in domestic demand. The rapid progress of the nationwide vaccination programme will allow economic sectors to be gradually reopened and provide some lift to household and business sentiments.

Against this backdrop, for 2021, the Malaysian economy is projected to expand within the range of 3.0 – 4.0%, although the pace of recovery will be uneven across sectors. The recovery is expected to accelerate going into 2022, supported by normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

The balance of risks remains tilted to the downside, arising mainly from pandemic-related factors, such as delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery.

(Source: Macroeconomic Outlook, Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2021, Bank Negara Malaysia)

6.2 Fertiliser

Under the fertiliser segment, our Group is mainly involved in the manufacturing and trading of fertilisers primarily focusing on the oil palm industry.

Overview of the Fertiliser Industry in Malaysia

The fertiliser industry in Malaysia, represented by the demand for fertiliser, decreased from RM5.81 billion in 2017 to RM4.83 billion in 2020, at a negative compound annual growth rate (“CAGR”) of 5.97%. The fertiliser industry recorded year-on-year (“YOY”) increases of 3.27% and 4.00% in 2018 and 2019 respectively, before a YOY decline of 22.60% in 2020 (Sources:

Department of Statistics Malaysia, Smith Zander Analysis). The decline in the fertiliser industry in 2020 was due to the COVID-19 pandemic which has resulted in the temporary disruptions to the demand for fertiliser from the agriculture industry during the nationwide movement restriction periods.

In view of the anticipated recovery of the agriculture sector in 2021, Smith Zander forecasts the demand for fertiliser to increase by 6.63% from RM4.83 billion in 2020 to RM5.15 billion in 2021. The demand for fertiliser in Malaysia is mainly driven by the growth of the agriculture industry, in particular oil palm plantations, rubber plantations and paddy fields, due to the widespread use of fertiliser in these agricultural lands. Notwithstanding the temporary disruptions caused by the COVID-19 pandemic and imposition of the nationwide movement restrictions, the recovery of the fertiliser industry will be driven by the following:-

(i) Ongoing agricultural activities for industrial crops, especially oil palm, will continue to create demand for fertiliser

Palm oil is used as raw materials in the production of a wide range of food and non-food products including cooking oil, margarine, bakery shortening, confectionary fats, soaps, detergents, toiletries and cosmetics. Hence, despite the temporary disruptions in oil palm plantation activities as a result of the imposition of the nationwide movement restrictions, oil palm plantation activities in Malaysia are expected to continue to be driven by the global demand for palm oil due to its wide spread application in many end-user industries.

To boost growth and to enhance the competitiveness of Malaysia's palm oil and related products, under Budget 2021, the Government has proposed to allocate RM20 million to encourage and assist the industry players, especially smallholders for the certification of Malaysian Sustainable Palm Oil standard which was made mandatory at the end of December 2019. Further, the B20 biodiesel programme for the transportation sector has been recommenced, whereby B20 biodiesel will be available nationwide in 2022. B20 biodiesel is a blend of 20% palm methyl ester and 80% diesel petroleum used in vehicles, and the programme is expected to increase the local consumption of palm oil and reduce greenhouse gas emissions for a cleaner environment. As at 30 August 2021, B20 biodiesel is available in Langkawi, Labuan and Sarawak. Hence, the increasing availability and the promotion of the usage of B20 biodiesel for the transportation sector is expected to drive oil palm plantation activities in Malaysia.

Premised on the necessity of fertiliser applications in agricultural activities, the ongoing agricultural activities for industrial crops led by the oil palm plantations will continue to create demand for fertiliser, thus driving the recovery and growth of the fertiliser industry.

(ii) Government initiatives in promoting domestic food production will support the demand for fertiliser

The Government has been promoting domestic food production through several initiatives such as Idle Land Development Project, a project launched by the Government to develop idle land for food crop production, and several subsidies schemes provided to food crop producers (i.e. paddy farmers) including Federal Paddy Fertiliser Scheme, Paddy Production Incentive Scheme and Hill/ Huma Padi Fertiliser and Pesticides Scheme.

Further, in efforts to provide financial relief for agriculture- and food-related industry players affected by the COVID-19 pandemic, the Government has introduced several initiatives through the Pelan Jana Semula Ekonomi Negara ("PENJANA") Short-Term Economic Recovery Plan (June-December 2020) which include providing agropreneurs with micro credit financing totalling RM350 million. These initiatives are expected to provide temporary relief to the industry and once the impact of COVID-19 pandemic subsides, the recovery of the fertiliser industry is expected to continue to be

driven by the continuing initiatives introduced by the Government in promoting domestic food production.

(Source: IMR Report prepared by Smith Zander)

6.3 Heavy Equipment

Under the Heavy Equipment segment, our Group is mainly involved in the manufacturing, trading and distribution of heavy equipment, spare parts and industrial products primarily for the use in quarry industry.

Overview of the Heavy Equipment Industry in Malaysia

As heavy equipment used in Malaysia are mainly imported from overseas, the size of the heavy equipment industry in Malaysia is represented by the imports of heavy equipment. From 2017 to 2020, the imports of heavy equipment decreased at a CAGR of 12.90% from RM5.69 billion to RM3.76 billion, mainly due to a decline in capital investments in heavy equipment from the end-user industries, resulted from the Government's fiscal consolidation efforts, which have negatively affected business sentiments and investment decisions. As part of the Government's fiscal consolidation efforts, several mega construction projects such as Bandar Malaysia mixed development project, Mass Rapid Transit Line 3, Light Rail Transit Line 3 ("**LRT 3**"), East Coast Rail Link ("**ECRL**") as well as Kuala Lumpur-Singapore High-Speed Rail were placed on hold or under revision by the Government between 2017 and 2018.

The heavy equipment industry was further weighed down in 2020 by the COVID-19 pandemic which has negatively impacted the country's economy. The Malaysian economy, as measured by GDP, declined by 5.59% in 2020, indicating adverse economic conditions which have posed financial and operational challenges to many businesses, including businesses in end-user industries of heavy equipment. This has led to temporary halt of existing projects or operations, and/or delays or cancellation of new projects or business expansions, which have consequently negatively impacted the imports of heavy equipment.

In view that the end-user industries of heavy equipment may continue to be weighed down by the resurgence of COVID-19 cases and tightening of movement restrictions in various states, federal territories and areas since mid-2021. Smith Zander forecasts the imports of heavy equipment to continue to decline by 1.86% from RM3.76 billion in 2020 to RM3.69 billion in 2021.

Nevertheless, in the longer term when the impact of the COVID-19 pandemic subsides, the imports of heavy equipment is expected to be supported by the following demand drivers:-

(i) Resumption of mining and quarrying activities driven by infrastructure development will drive the demand for heavy equipment

Heavy equipment are widely used to support the operations of mining and quarrying activities in Malaysia. As products from quarries and mines are commonly used as building materials in the construction industry, the availability and growth in infrastructure development in Malaysia will drive the growth of mining and quarrying activities.

As the construction works for, amongst others, LRT 3, Mass Rapid Transit Line 2 ("**MRT 2**") and ECRL, Pan Borneo Highway, Gemas-Johor Bahru Electrified Double Tracking Project and Klang Valley Double Tracking projects progress, it may drive the growth of mining and quarrying activities, which in turn, may drive the demand for heavy equipment.

(ii) Recovery of the construction sector will drive demand for heavy equipment

Apart from infrastructure development, the demand for heavy equipment is also driven by construction activities undertaken to construct infrastructure, residential, commercial

and industrial properties. The performance of the construction industry in Malaysia as measured by the value of construction work done, recorded a negative CAGR of 5.21% from RM138.45 billion in 2017 to RM117.92 billion in 2020. The value of construction work done recorded YOY increases of 5.13% and 0.56% in 2018 and 2019 respectively, before a YOY decline of 19.44% in 2020, mainly caused by the negative impact arising from the COVID-19 pandemic.

Notwithstanding that several easing measures have subsequently been announced to allow more businesses to operate in order to stimulate the economy, construction activities are subject to the standard operating procedures and guidelines imposed by the Malaysian Government, such as mandatory quarantine of workers and/or temporary closure of construction sites in the event of COVID-19 case detections, thereby causing disruptions to construction activities.

According to the Department of Statistics Malaysia, Malaysia's value of construction work done registered at RM59.58 billion in the first half of 2021. However, in view of the resurgence of COVID-19 cases and tightening of movement restrictions in various states, federal territories and areas in since mid-2021, Smith Zander forecasts Malaysia's value of construction work done in the second half of 2021 to be at RM53.27 billion, bringing it to a total to RM112.85 billion in 2021, recording a YOY decrease of 4.30% from RM117.92 billion in 2020.

Notwithstanding the projected decline in the value of construction work done in 2021, the rebound of the construction sector is expected as driven by the progress of the major infrastructure projects in the country. Further, to stimulate the property market and provide financial relief to home buyers, the Government has introduced several initiatives through the PENJANA Short-Term Economic Recovery Plan (June-December 2020). Among the initiatives include the reintroduction of the Home Ownership Campaign ("HOC") involving exemption of stamp duties for certain residential properties and upliftment of the 70% margin of financing limit applicable for the third housing loan onwards for certain properties during the period of the HOC. Under Budget 2021, the Government has proposed to further extend the full stamp duty exemption on the instruments of transfer and loan agreement for the first residential property purchased by each home buyer to 31 December 2025, with the property price limit increased from RM300,000 to RM500,000.

Moving forward, apart from the progress of the major infrastructure projects, consumers will also be encouraged to purchase residential properties with these initiatives in place, which may altogether support the demand for construction activities, and subsequently, drive demand for heavy equipment.

(iii) Growth of manufacturing activities will continue to support the demand for heavy equipment

The manufacturing industry is also one of the important end-user industries of heavy equipment in Malaysia. The manufacturing industry in Malaysia, as measured by the GDP from the manufacturing sector, grew from RM290.46 billion in 2017 to RM307.92 billion in 2020 at a CAGR of 1.96%.

Once the impact of COVID-19 subsides or when economic conditions recover, the growth of manufacturing activities supported by the government initiatives, including tax incentive for new capital investments in the manufacturing industry in Malaysia by companies which relocate their overseas manufacturing facilities into the country and special reinvestment allowance given to manufacturing activities from year of assessment 2020 to year of assessment 2021 and further proposed to extend to 31 December 2022 under the Budget 2021, is expected to continue to support the demand for heavy equipment.

(Source: IMR Report prepared by Smith Zander)

6.4 Equipment Rental and Industrial Product

Under the Equipment Rental and Industrial Products segment, our Group is mainly involved in the provision of temporary cooling solution for the event and non-event sector and trading of industrial products include forklift, industrial battery and/or its related products/peripherals.

6.4.1 Overview of the Industrial Battery Industry

Malaysia

The industrial battery industry in Malaysia, represented by the manufacturing sales value of batteries including industrial batteries, increased at a CAGR of 7.26% from RM4.19 billion in 2017 to RM5.17 billion in 2020.

In 2021, the global economic conditions have generally started to recover from the COVID-19 pandemic, which have fueled the demand for commodities such as iron-ore, aluminum and copper. The increases in the demand for these commodities have boosted these commodity prices and may cause a general increase in raw material prices in many construction projects such as construction of data centres, telecommunications infrastructure and solar power plants, all of which involve the usage of industrial batteries. The rising raw material prices, coupled with an increase in freight charges due to the COVID-19 pandemic, as well as the tightening of movement restrictions due to the resurgence of COVID-19 cases, may result in some project owners to temporarily postpone their project implementations during the year, thereby negatively affecting the demand for industrial batteries. As such, Smith Zander forecasts the manufacturing sales value of batteries, including industrial batteries, to decrease by 15.67% to RM4.36 billion in 2021.

Nevertheless, as the impact of the COVID-19 pandemic subsides and economic conditions recover, the recovery of the industrial battery industry is expected in the longer term driven by the following:-

(i) Technology advancements of lithium-ion batteries will stimulate demand for industrial batteries

In recognition of the benefits of lithium-ion batteries, they have been increasingly used by data centres, telecommunications infrastructure and solar power plants as they can significantly reduce space usage. This is attributed to the high energy density feature of lithium-ion batteries that allows higher power produced on an equivalent size and weight of other secondary batteries. This may reduce operating costs of data centres, telecommunications infrastructures and solar power plants, and free up space for other value-added equipment in the facilities for additional revenue generation.

In light of the benefits of lithium-ion batteries and along with technology advancement which will continue to improve the capability and drive lower prices of lithium-ion batteries, industry players in the data centre industry, telecommunications industry and utilities industry, including renewable solar energy segment, may increasingly replace their existing batteries to lithium-ion batteries, or use lithium-ion batteries in new facilities, which may consequently stimulate greater demand for industrial batteries.

(ii) Growth and development of the end-user industries will continue to drive demand for industrial batteries

Industrial batteries are commonly used in various end-user industries, including the data centre industry and telecommunications industry to provide emergency or standby power to these applications in the event of power outages. In addition, industrial batteries are also used in solar power plants for energy storage. Industrial batteries are used to store excess and unutilised energy generated by solar panels for usage during the night or at times when sunlight is blocked or when the demand for electricity is unusually high, thus overcoming the limitations of intermittent power generation by

solar power plants. The following addresses the details of the growth and development in each of the end-user industries and segment:-

(a) Data centre industry

Along with the advancement of technology and increasing popularity of big data technology, the increasing collection and digitisation of data has resulted in large amounts of data being generated, processed and stored by businesses, leading to an increasing need for data centres from various industries including the telecommunications industry to effectively deliver mobile and cloud services to its customers. As cloud computing technology advances, it also allows businesses to collect, process and store these large amounts of data on the internet at an affordable cost. Further, as sensitive information such as healthcare records, government files, defence documents and banking transactions are generally forbidden from being stored at data centres outside the country's physical borders, it may further drive the need for data centres within the country. All of these factors drive increasing demand for data centres in Malaysia, which may consequently lead to an increase in demand for industrial batteries.

(b) Telecommunications industry

As the availability of many digital media applications are augmenting the usage of data, it has propelled data traffic and created demand for faster data download and upload speeds, which has caused the telecommunications industry to increasingly transform its fourth generation (4G) or third generation (3G) mobile network infrastructure to fifth generation (**5G**) mobile network infrastructure along with the adoption of 5G technology. The installation of new infrastructure to facilitate the adoption of 5G technology will require industrial batteries to be installed in the new infrastructure, which may lead to an increase in demand for industrial batteries in the telecommunications industry.

(c) Renewable solar energy segment

Malaysia is increasingly promoting the growth and development of solar power generation in the country. Under the 2020 Economic Stimulus Package introduced on 27 February 2020, the Government announced to open for bids quota of 1,400 megawatt ("**MW**") for solar power generation. The Ministry of Energy and Natural Resources, via the Energy Commission Malaysia, had on 31 May 2020, opened a competitive bidding process for Large Scale Solar by Malaysian Electricity Industry to Attract Renewable Energy ("**LSS @ MEnTARI**") programme. A solar quota of 1,000 MW will be offered through the bidding process, and is opened to fully-owned local companies or companies listed on Bursa Malaysia with at least 75% local shareholding. The LSS @ MEnTARI programme is expected to attract investments amounting to RM4 billion and create 12,000 job opportunities. The solar power plants under the programme are expected to start operating latest by 31 December 2023, which may further drive demand for industrial batteries utilised in these solar power plants.

As industrial batteries are an important element in ensuring continuous power supply in the event of power outages for data centres and telecommunication infrastructure, as well as providing energy storage for solar power plants, the increasing demand for data centres, development of new telecommunications infrastructure along with the adoption of 5G technology, and the growth and development of solar power generation, may therefore drive demand for industrial batteries.

Southeast Asia

In Southeast Asia, the key factors driving the usage of industrial batteries are for the prevention of power interruptions in certain industries and infrastructure, and the increasing utilisation of renewable energy sources in the region.

Industrial batteries play a vital role in ensuring uninterrupted electricity supply to certain industries and infrastructure including hospitals, telecommunications and data centres, during critical circumstances that could potentially cause power outages such as the occurrence of natural disasters. Emergency and standby power provided by industrial batteries is particularly important to prevent or shorten downtime of, amongst others, medical and telecommunications equipment as well as data centres caused by any unexpected power outages, ensuring availability of electricity supply to support the continuous operations of these infrastructure.

Further, to improve energy security and lower the risk of environmental pollution, the governments of many countries in Southeast Asia has put in plans and initiatives to promote the usage of renewable energy that are generated from natural resources such as sunlight and wind. In Thailand, the Ministry of Energy has released Thailand Integrated Energy Blueprint 2015 - 2036 that underpins various energy plans focusing on promoting energy stability, prosperity and sustainability in the country. Among the targets of the blueprint is to increase the installed capacity generated from renewable energy sources for power sector by 147.22% from 7,962 MW in 2015 to 19,684 MW in 2036.

In Indonesia, under the New Energy Policy, it is aimed to achieve a minimum of 23.00% renewables in the energy mix by 2025. To achieve this, the Ministry of Energy and Mineral Resources has announced several policies and initiatives such as installation of smart grids that enable better utilisation of renewable energy sources, development of rooftop solar photovoltaic systems to be installed by consumers for electricity generation which can be sold to the local utilities company, and encouragement of the usage of gas or renewables-based generators at tourist attractions. Further, in Vietnam, under the Revised National Power Development Master Plan for the 2011 to 2020 Period with the Vision to 2030, the government of Vietnam aims to increase the share of electricity produced and imported from renewable energy sources to 10.70% in 2030, from 6.50% in 2020.

From 2017 to 2019, the total generation capacity contributed from renewable energy sources in Southeast Asia increased from 61,167 MW to 72,361 MW at a CAGR of 8.77%. The increasing adoption of renewable energy will spur the demand for industrial batteries which are used as energy storage systems to store electricity generated from the renewable energy sources.

As industrial batteries are an important element in ensuring continuous power supply in the event of power outages and in supporting the increasing utilisation of renewable energy, it is expected that the demand for industrial batteries in Southeast Asia will continue to grow in tandem with the growth and development of the industries and infrastructure which rely on industrial batteries for uninterrupted electricity supply, as well as the development of the renewable energy segment in the region.

6.4.2 Overview of the Event Industry in Malaysia

The event industry in Malaysia is represented by revenue generated from entertainment events. From 2017 to 2020, revenue generated from entertainment events declined from RM23.30 billion to RM14.56 billion, at a negative CAGR of 14.51%.

From January 2021 to May 2021, while some states and federal territories were placed under recovery MCO for different durations, MCO and conditional MCO were re-imposed in most of the states and federal territories for different durations depending on the severity of the COVID-19 situations. Following which, as the reported COVID-19 infected cases remained high and as Malaysia faced challenges in the rise of infected case posed by the new COVID-19 variants ,

the Government imposed a nationwide total lockdown in June 2021 and followed by the NRP which categorises states and federal territories into different phases of recovery depending on the severity of the COVID-19 situations. During the periods of the MCO, conditional MCO, nationwide total lockdown, as well as phase one to phase three of the NRP which were imposed in different states and federal territories in Malaysia as of 30 August 2021, events and gatherings involving physical contacts and large crowds were still prohibited by the Government.

Notwithstanding that Malaysia has commenced mass vaccinations under the National Immunisation Program and has accelerated the vaccination progress, the COVID-19 daily infection cases remained high at a 7-day average daily new cases of 21,570 cases as of 30 August 2021. As such, it is expected that most of the events and gatherings will still continue to be prohibited in the near term until the COVID-19 pandemic situation stabilises and/or Malaysia achieves herd immunity. Further, notwithstanding that the Government expects to have some states and federal territories transiting into phase four of the National Recovery Plan by October 2021, most events and activities, especially those involving large crowds in closed areas, are expected to continue to be prohibited. Additionally, given the records of high daily infection cases and risks posed by the new COVID-19 variants, many people are expected to avoid participating in events and activities as a precautionary measure to minimise the possibility of getting infected with the COVID-19 virus even if event venues re-open. Premised on this, Smith Zander forecasts that the event industry in Malaysia to decline at 59.00% from RM14.56 billion in 2020 to RM5.97 billion in 2021.

Moving forward, in the longer term when the impact of the COVID-19 subsides and economic conditions recover, the event industry is expected to gradually recover driven by the following:-

(i) Revival and resumption of events which were previously halted due to the COVID-19 will boost the event industry

As the impact of the COVID-19 subsides, the event industry is expected to gradually recover, and eventually grow in the longer term as more events may be held in order for industry players to generate income as well as to cater to the demand from the participants in anticipation of events which have been put on hold during the pandemic; as the environment allows more events and activities to be held; and as more people become comfortable to attend these events and more international speakers, performers and artistes are able to travel to Malaysia.

(ii) Economic growth will stimulate the recovery and growth of the event industry

The Malaysian economy, as depicted by GDP, increased from RM1.30 trillion in 2017 to RM1.34 trillion in 2020 at a CAGR of 1.02%. However, there was a YOY decline of 5.59% in GDP from 2019 to 2020, due to the negative impact arising from the COVID-19 pandemic.

In August 2021, Bank Negara Malaysia revised its forecast for Malaysia's GDP growth in 2021 from between 6.50% and 7.00% to between 3.00% and 4.00%, in view of the surge in the COVID-19 cases, prolonged lockdown and operating restrictions/prohibitions in many economic sectors. While daily new infected cases remain high, the Government has accelerated the administration of vaccines. When infected cases gradually subside and remain minimal, movement restrictions are expected to be uplifted which will allow economic activities to resume and gradually recover to pre-COVID-19 levels.

(iii) Government initiatives in promoting the organisation of events will continue to support the event industry

In efforts to develop the event industry, the Government has established a national convention bureau, namely Malaysia Convention and Exhibition Bureau ("MyCEB") under the Ministry of Tourism, Arts and Culture Malaysia to support and actively promote events in Malaysia, including music festivals, sports championships, touring

events, lifestyle showcases and business forums, with the aim to strengthen Malaysia's global appeal as an international venue for major events.

The government initiatives which include the RM100 million in soft loans with interest rate of 3.50% and RM30 million in grants for the creative, events and exhibitions industries under MyCreative Ventures and RM10 million for the Cultural Economy Development Agency are expected to provide a temporary relief to the industry and once travel restrictions lifted, the impact of COVID-19 subsidies, the recovery of the event industry is expected to be driven by the continuing financial and marketing initiatives introduced by MyCEB.

(Source: IMR Report prepared by Smith Zander)

6.5 Prospects of our Group

Our Group had in 2018 diversified into the fertiliser segment by the acquisition of PK Fertilizers (Sarawak) Sdn Bhd in August 2018. The fertiliser segment is the main revenue contributor to our Group. Based on the audited FY 2020 and 9MFP2021 results, RM81.6 million (approx. 67.3%) and RM57.8 million (approx. 62.1%) of our Group's revenue respectively was contributed by the fertiliser segment.

For FY 2020 and 9MFP2021, our Group mainly supplies fertiliser to the oil palm industry in Sarawak. The Group has also started to venture into the Peninsular Malaysia market in FY 2021.

Smith Zander has forecasted the demand for fertiliser in Malaysia to increase by 6.63% from RM4.83 billion in 2020 to RM5.15 billion in 2021. Our Board believes that future demand for fertilisers in the oil palm industry should be positive after taking consideration the following:-

- (i) resumption of B20 biodiesel programme where 20% palm oil blend will be used as fuel. The B20 biodiesel was launched in February 2020, and as at LPD is available in Langkawi, Labuan and Sarawak. It has been reported in a national newspaper in June 2021, that the B20 biodiesel will be made available nationwide by end of 2022; and
- (ii) global demand for palm oil due to its wide spread application in many end-user industries.

Our Group is looking to expand its fertiliser segment in Sarawak and Peninsular Malaysia market as first phase followed by the market in Sabah.

Currently, our Group's supplies of compacting, mixing and straight fertilisers for the Sarawak market are mainly manufactured and produced at our Bintulu plant. Our Group had also completed the reconstruction of the compacting lines in February 2021 to improve the productivity, efficiency and capacity of the manufacturing lines from 65,000 MT to 75,000 MT per annum. Our Group plans to hire additional sales personnel to expand the sales and marketing coverage for this region as and when the need arises.

For the proposed expansion in Peninsular Malaysia and Sabah, instead of constructing a new processing plant, our Group plans to trade the fertilisers by purchasing from our suppliers. Our Group believes that this will be more cost effective as Peninsular Malaysia and Sabah are new markets for our Group. Our Group is in the midst of setting up a new sales team in Peninsular Malaysia.

In addition, to create awareness for our products, our Group organises farmer's gathering from time to time as well as provide agriculture advisory services to small and medium size plantations, in order to establish good relationship with our customers. Our Group will also strive to maintain good relationships with our suppliers to further strengthen our supply chain.

As detailed in **Section 4** of this Abridged Prospectus, our Group intends to use part of the Rights Issue proceeds to purchase the direct materials and fertilisers for the aforementioned expansion plan in Sarawak, Peninsular Malaysia and Sabah. Depending on the proceeds to be raised from the Rights Issue, our Group envisages that our fertilisers segment expansion plan above would take approximately 2 years from the completion of the Rights Issue.

Currently, for the Kuching market we incur transportation costs as we would need to transport the fertilisers from our processing plant in Bintulu to Kuching. Subject to assessing the costs and benefits, our Group has plans to acquire land in Kuching, Sarawak to build another processing plant with 20,000 MT annual capacity ("**New Processing Plant**"). It is intended that the New Processing Plant will increase production capacity of the Group and reduce logistic and transportation costs in Sarawak market. The financial resources required for the New Processing Plant is estimated to be RM8.0 million, which is expected to be funded from internally generated funds or borrowings.

For the heavy equipment distribution business, whilst our Group's operations were affected by the introduction of the MCO in March 2020, our Group has observed that construction and quarry related activities have progressively resumed after the relaxation of the MCO in May 2020. Despite the imposition of different phases of domestic containment measures in various states and districts, the impact to our Group was not as significant as compared to the first lockdown. Currently, the construction and quarry related activities are allowed to operate subject to adherence with certain standard operating procedures.

The unprecedented COVID-19 pandemic had also affected the operations of our Group's equipment rental business. With the constraint on the movement of people amid COVID-19 pandemic, many organisers had postponed or cancelled the respective events. To mitigate the impact of COVID-19 pandemic on our Group's equipment rental business, our Group has ventured into the trading of industrial batteries and related products/peripherals in mid-2020. Our Group plans to expand this business to, amongst others, telecommunication and power supply companies in Malaysia and Southeast Asia.

Currently, our Group is supplying industrial batteries, to be used in the power supply and telecommunication industries in Sarawak and Indonesia. Our Group will continue to focus on these markets in the initial phase of our expansion plan. To penetrate into new markets, our Group plans to collaborate with local distributors where our Group would be able to provide better credit terms to the customers (which are primarily the engineering, procurement and construction (EPC) services provider) as compared to the local distributors. The local distributors would provide the networks and contacts whereas our Group will purchase the products from the local distributors and onward supply it to the customers.

In addition, our Group also plans to supply lithium-ion batteries as our Group noted the usage of lithium-ion batteries as upcoming trend. Our Group is currently trading lead acid batteries. Furthermore, our Group is looking to expand the range of the related products/peripherals we offer to include amongst others, inverters, rectifiers, UPS system, and load banks in addition to solar panel.

The main financial resources required for the expansion plan is to purchase the industrial batteries and related products/peripherals. As detailed in **Section 4** of the Abridged Prospectus, our Group intends to use part of the Rights Issue proceeds to purchase the industrial batteries and related products/peripherals. Depending on the proceeds to be raised from the Rights Issue, our Group envisages that the expansion plan for our industrial products business would take approximately 2 years from the completion of the Rights Issue.

Our Board believes that our Group's strategy to focus on our core fertiliser business and expanding our industrial products trading business as above should augur well for the prospects of our Group in the long term.

(Source: Management of Hextar Industries)

7 FINANCIAL EFFECTS OF THE RIGHTS ISSUE

The proforma effects of the Rights Issue are presented based on the following scenarios:-

Minimum Scenario : Assuming that none of the 67,809,409 Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date and the Rights Issue is undertaken on the Minimum Subscription Level.

The Minimum Scenario is prepared to illustrate the Minimum Subscription Level of RM23.5 million. However, in the event, the public shareholding spread remains at 65.3% as mentioned in **Section 2.4** above, Hextar will need to subscribe up to approximately RM36.0 million (assuming only Hextar subscribing for the Rights Shares) pursuant to the Undertakings.

Base Case Scenario : Assuming that none of the 67,809,409 Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renounee(s) and/or transferee(s) fully subscribe for their respective entitlements under the Rights Issue.

Maximum Scenario : Assuming that all of the 67,809,409 Warrants are exercised into new Hextar Industries Shares prior to the Entitlement Date at the exercise price of RM0.30 each and all the Entitled Shareholders and/or their renounee(s) and/or transferee(s) fully subscribe for their respective entitlements under the Rights Issue.

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7.1 Share Capital

The proforma effects of the Rights Issue on the issued share capital of our Company are as follows:

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM	No. of Shares	RM
Share capital as at LPD	185,972,836	76,158,901	185,972,836	76,158,901	185,972,836	76,158,901
New Hextar Industries Shares issued pursuant to exercise of existing Warrants	-	-	-	-	67,809,409	20,342,823
	185,972,836	76,158,901	185,972,836	76,158,901	253,782,245	96,501,724
To be issued pursuant to Rights Issue	⁽ⁱⁱⁱ⁾ 195,833,335	⁽ⁱ⁾ 22,500,000	929,864,180	⁽ⁱⁱ⁾ 110,583,702	1,268,911,225	⁽ⁱ⁾ 151,269,347
	381,806,171	98,658,901	1,115,837,016	186,742,603	1,522,693,470	247,771,071
After exercise of existing Warrants ⁽ⁱⁱ⁾	128,949,040	20,631,846	128,949,040	20,631,846	-	-
Enlarged share capital	510,755,211	119,290,747	1,244,786,056	207,374,449	1,522,693,470	247,771,071

Notes:-

- (i) After deducting RM1.0 million estimated expenses for the Proposals.
- (ii) After the adjustment to existing exercise price and number of unexercised Warrants pursuant to the Deed Poll.
- (iii) Calculated based on 39.17 million Hextar Industries Shares to be subscribed by Hextar to achieve the Minimum Subscription Level.

7.2 NA per share and gearing

Based on our Group's consolidated unaudited statement of financial position as at 31 May 2021, the proforma effects of the Rights Issue on the NA per share and gearing of our Company are as follows:

Minimum Scenario

	(I)	(II)	
	Unaudited as at 31 May 2021 RM'000	After Rights Issue RM'000	After (I) and exercise of Warrants ⁽ⁱⁱⁱ⁾ RM'000
Share capital	76,159	98,659 ⁽ⁱ⁾	119,291
Merger deficit	(23,859)	(23,859)	(23,859)
Retained earnings	27,342	27,342	27,342
Total equity attributable to owners of Hextar Industries / NA	79,642	102,142	122,774
Non-controlling interests	4,043	4,043	4,043
Total equity	83,685	106,185	126,817
Number of Hextar Industries Shares ('000)	185,973	381,806	510,755
NA per Hextar Industries Share (RM)	0.43	0.27	0.24
Total borrowings ^(iv)	60,060	48,060 ⁽ⁱⁱ⁾	48,060
Gearing ratio (times)	0.75	0.47	0.39

Notes:-

- (i) Assuming 195.83 million Rights Shares are issued under the Minimum Subscription Level at the Issue Price of RM0.12 each and after deducting the estimated expenses for the Proposals of RM1.0 million.
- (ii) After the repayment of bank borrowings of RM12.0 million from the utilisation of proceeds.
- (iii) After the adjustment to existing exercise price and number of unexercised Warrants pursuant to the Deed Poll.
- (iv) Inclusive of hire purchase.

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Base Case Scenario

	(I)	(II)	
	Unaudited as at 31 May 2021 RM'000	After Rights Issue RM'000	After (I) and exercise of Warrants ⁽ⁱⁱⁱ⁾ RM'000
Share capital	76,159	186,743 ⁽ⁱ⁾	207,374
Merger deficit	(23,859)	(23,859)	(23,859)
Retained earnings	27,342	27,342	27,342
Total equity attributable to owners of Hextar Industries / NA	79,642	190,226	210,857
Non-controlling interests	4,043	4,043	4,043
Total equity	83,685	194,269	214,900
Number of Hextar Industries Shares ('000)	185,973	1,115,837	1,244,786
NA per Hextar Industries Share (RM)	0.43	0.17	0.17
Total borrowings ^(iv)	60,060	26,560 ⁽ⁱⁱ⁾	26,560
Gearing ratio (times)	0.75	0.14	0.13

Notes:-

- (i) Assuming 929.86 million Rights Shares are issued at the Issue Price of RM0.12 each and after deducting the estimated expenses for the Proposals of RM1.0 million.
- (ii) After the repayment of bank borrowings of RM33.5 million from the utilisation of proceeds.
- (iii) After the adjustment to existing exercise price and number of unexercised Warrants pursuant to the Deed Poll.
- (iv) Inclusive of hire purchase.

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Maximum Scenario

	Unaudited as at 31 May 2021 RM'000	(I) After exercise of Warrants ⁽ⁱ⁾ RM'000	(II) After (I) and Rights Issue RM'000
Share capital	76,159	96,502	247,771 ⁽ⁱⁱⁱ⁾
Merger deficit	(23,859)	(23,859)	(23,859)
Retained earnings	27,342	27,342	27,342
Total equity attributable to owners of Hextar Industries / NA	79,642	99,985	251,254
Non-controlling interests	4,043	4,043	4,043
Total equity	83,685	104,028	255,297
Number of Hextar Industries Shares (‘000)	185,973	253,782	1,522,693
NA per Hextar Industries Share (RM)	0.43	0.39	0.17
Total borrowings ^(iv)	60,060	60,060	26,560 ⁽ⁱⁱⁱ⁾
Gearing ratio (times)	0.75	0.60	0.11

Notes:-

- (i) Assuming the exercise of the balance outstanding 67.8 million Warrants prior to the Entitlement Date at the exercise price of RM0.30 each.
- (ii) Assuming 1,268.9 million Rights Shares are issued at the Issue Price of RM0.12 each and after deducting the estimated expenses for the Proposals of RM1.0 million.
- (iii) After the repayment of bank borrowings of RM33.5 million from the utilisation of proceeds.
- (iv) Inclusive of hire purchase.

7.3 Earnings and EPS

The Rights Issue will result in an immediate dilution in our Company's EPS as a result of the increase in the number of Hextar Industries Shares in issue upon completion of the Rights Issue. The impact of the Rights Issue on the earnings and EPS of our Company going forward will depend on, amongst others, the actual number of the Rights Shares issued and the level of returns to be generated from the utilisation of the proceeds raised pursuant to the Rights Issue.

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For the 9MFP2021, our Group had recorded profits of RM1.410 million. For illustration purpose only, the proforma effects of the Rights Issue on the profits and EPS of our Group assuming that the Proposals had been effected at the beginning of 9MFP2021 are as follows:-

	Minimum Scenario	Base Case Scenario	Maximum Scenario
Profit after tax attributable to owners of our Company for the 9MFP2021 (RM'000)	1,410	1,410	1,410
Add: Interest savings (RM'000) ⁽ⁱ⁾	405	1,099	1,099
Adjusted profit after tax	1,815	2,509	2,509
Weighted average number of Hextar Industries Shares ('000)			
- Existing	185,349	185,349	185,349
- After Rights Issue ⁽ⁱⁱ⁾	381,806	1,115,837	1,522,693 ⁽ⁱⁱⁱ⁾
Basic / Diluted^(iv) EPS (sen)			
- Existing	0.76	0.76	0.76
- After Rights Issue	0.48	0.22	0.16

Notes:-

- (i) *Interest savings arising from the repayment of bank borrowings pursuant to the utilisation of proceeds detailed in Section 4 of this Abridged Prospectus and pro-rated by 9-months.*
- (ii) *Assuming that the Warrants exercised during 9MFP2021 had been effected at the beginning of the financial period.*
- (iii) *Assuming the exercise of the balance outstanding 67.8 million Warrants at the exercise price of RM0.30 each at the beginning of 9MFP2021.*
- (iv) *The diluted EPS is the same as the basic EPS. The effect of potential ordinary share issued from the exercise of Warrants was anti-dilutive and accordingly was excluded from the diluted earnings per share computation.*

The above proforma effects on earnings have not taken into consideration the potential earnings from the use of proceeds. Our Company believes that the Rights Issue should contribute positively to our Group's consolidated earnings for the ensuing financial years, when the benefits of the utilisation of proceeds raised are realised.

7.4 Convertible Securities

Save for the outstanding 67,809,409 Warrants, our Company does not have any other convertible securities in issue as at the LPD.

The Rights Issue will give rise to adjustments to the exercise price of and/or number of unexercised Warrants in accordance with the provisions of the Deed Poll. A notice will be despatched to the respective holders of the Warrants in the event of any such adjustments.

8 MATERIAL TRANSACTION

As at the LPD, save for the Rights Issue and Exemption, there are no material transactions which may have a material effect on the operations, financial position and results of our Group since our Group's most recently announced unaudited consolidated financial statements for 9MFP2021.

9 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working Capital

Our Group's working capital requirements is funded by a combination of internal and external sources of funds. Our internal sources of funds comprise of cash generated from our operating activities as well as our cash and bank balances. As at 31 August 2021, our cash and bank balances amounted to RM16.3 million. Our external sources of funds are derived from credit extended by suppliers and credit facilities from licensed financial institutions.

Our Board is of the opinion that, after taking into consideration the funds generated from our operations, existing cash and bank balances and the banking facilities available to our Group, the proceeds to be raised from the Rights Issue as set out in **Section 4** of this Abridged Prospectus as well as the current level of restriction of movement and standard operating procedures imposed by the Government and the ongoing nation-wide COVID-19 vaccination programme, the Group will have sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at 31 August 2021, our Group has total outstanding borrowings of approximately RM60.8 million. All of our borrowings are interest-bearing, further details of which are set out as follows:-

	Total RM'000
Long term borrowings:-	
Secured term loan	42,391
Hire purchase	1,068
	43,459
Short term borrowings:-	
Bankers' acceptances	12,244
Secured term loan	3,939
Invoice financing	914
Hire purchase	263
	17,360
Total borrowings	60,819

As at LPD, our Group does not have any unutilised credit facilities. There has been no default on payments by our Group of either interest and/or principal sums in respect of any borrowings during FY 2020 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, our Board confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which upon becoming enforceable may have a material impact on the financial results or position of our Group.

9.4 Material commitments

As at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group which may have a material impact on the financial results or position of our Group.

10 INSTRUCTIONS FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RIGHTS APPLICATION AND PAYMENT

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Provisional Allotments as well as the application for the Excess Rights Shares and the procedures to be followed if you and/or your renouncee(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renouncee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. The RSF must not be circulated unless accompanied by this Abridged Prospectus.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments, which you are entitled to subscribe for in full or in part (fractional entitlements, if any, having been disregarded), under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus the following:-

- (i) the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account;
- (ii) the RSF to enable you to subscribe for such Provisional Allotments, as well as to apply for the Excess Rights Shares if you choose to do so; and
- (iii) a reply envelope addressed to our Share Registrar.

This Abridged Prospectus and the RSF can be obtained from your stockbroker, our registered office, our Share Registrar or from Bursa Securities' website at <http://www.bursamalaysia.com>.

10.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications for the Provisional Allotments.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Allotments (whether in full or in part) and the Excess Rights Shares Application is **on Thursday, 14 October 2021 at 5.00 p.m.**, being the Closing Date.

We shall make an announcement on the outcome of the Rights Issue after the Closing Date.

10.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares, if you choose to do so, using either of the following methods:-

<u>Method</u>	<u>Category of Entitled Shareholders</u>
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

10.5 Procedure for acceptance and payment

10.5.1 By way of RSF

Acceptance of and payment for the Provisional Allotments provisionally allotted to you and/or your renounee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms of this Abridged Prospectus, the NPA or RSF or the notes and instructions contained in the NPA or RSF or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/or your renounee(s)/transferee(s) (if applicable) wish to accept all or part of the Provisional Allotments of your entitlement, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be delivered to our Share Registrar in the envelope provided (at your own risk), by **ORDINARY POST**, **COURIER** or **DELIVERED BY HAND** to our Share Registrar at the following address:

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

OR

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

so as to arrive **not later than the Closing Date**, being the last date and time for acceptance and payment for the Provisional Allotments.

If you and/or your renouncee(s) and/or transferee(s) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renouncee(s) and/or transferee(s) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or Bursa Securities' website at <http://www.bursamalaysia.com>.

One RSF can only be used for acceptance of the Provisional Allotments standing to the credit of one CDS account. Separate RSF(s) must be used for the acceptance of the Provisional Allotments standing to the credit of more than one CDS Accounts. If successful, the Rights Shares subscribed for will be credited into your CDS Accounts as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one reply envelope for each completed RSF.

The minimum number of Rights Shares that can be accepted is one Rights Share. However, you and/or your renouncee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises of 100 Rights Shares. Fractions of Rights Shares shall be disregarded and shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and in the best interest of our Company.

If acceptance of and payment for the Provisional Allotments allotted to you and/or your renouncee(s)/transferee(s) (if applicable) is not received by our Share Registrar by the Closing Date, being the last date and time for acceptance of and payment for the Provisional Allotments, such provisional allotment of Rights Shares will have been deemed to be declined and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to the applicants who have made an Excess Rights Shares Application on a fair and equitable basis and in the manner set out in **Section 10.9** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "HIB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON OUR COMPANY'S RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/ OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATE WILL BE ISSUED.

10.5.2 By way of e-Subscription

You and/ or your renounee(s) and/or transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available on TIIH Online website at <https://tiih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporation or institutional shareholders.

Subsequent to the Entitlement Date, our Company will, at its discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a registered Entitled Shareholder, you will be notified on the availability of e-Subscription for the Rights Issue of Rights Shares on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for Excess Rights Shares by way of e-Subscription shall take note of the following: -

- (i) any e-Subscription received by the Share Registrar after the Closing Date for Acceptance, Excess Application and Payment shall be regarded as null and void and of no legal effect unless the Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar from you, is irrevocable and shall be binding on you;

- (ii) you will receive notification to login to TIIH Online in respect of your shareholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe the Provisional Allotments which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;
- (iii) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at the sole discretion of our Company. Our Company reserves the right at its absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed or with excess or insufficient remittances;
- (iv) the number of Provisional Allotments you are entitled to under the Rights Issue of Rights Shares is set out in the e-NPA. You are required to indicate the number of Provisional Allotments you wish to accept and number of Excess Rights Shares you wish to apply in the e-RSF;
- (v) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;
- (vi) a handling fee is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (vii) the new Rights Shares arising from the Provisional Allotments accepted and Excess Rights Shares applied (if successful pursuant to Procedure for Excess Rights Shares Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set below: -

(i) Sign up as a user of TIIH Online

- (a) Access TIIH Online at <https://tiih.online>.
- (b) Under e-Services, select "Sign Up" – "Create Individual Account" (applicable for individual shareholders) or "Create Corporate Holder Account" (applicable for corporation or institutional shareholders). You may refer to the tutorial guide posted on the homepage for assistance.
- (c) Registration will be verified and you will be notified by email within two Market Days; and .
- (d) Proceed to activate your account with the temporary password given in the email and reset your own password .

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent a Corporate Holder Account(s), please contact our Share Registrar for further details and requirements.

(ii) Procedures to make e-Subscription

Individual Registered Entitled Shareholder

- (a) Login to TIIH Online at <https://tiih.online> with your username (i.e. your registered e-mail address) and password.

- (b) Select the corporate exercise name: **Hextar Industries Rights Issue.**
- (c) Read and agree to the Terms & Conditions and confirm the Declaration.
- (d) Preview your CDS Account details and your Provisional Allotments.
- (e) Select the relevant CDS Account and insert the number of Provisional Allotments to subscribe and the number of Excess Rights Shares to apply (if applicable) in the e-RSF.
- (f) Review and confirm the number of Provisional Allotments which you are subscribing and the number of Excess Rights Shares you are applying (if applicable) and the total amount payable for the Provisional Allotments and Excess Rights Shares (if applicable).
- (g) Payment of stamp duty at RM10 for each e-RSF and handling fee of RM5 for each e-RSF will be included in the total amount payable.
- (h) Proceed for payment via online payment gateway either through Maybank2U or any FPX participating bank which you have an internet banking account.
- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address.
- (j) Print the payment receipt and your e-RSF for your reference and record.

Corporation or Institutional Registered Entitled Shareholder

- (a) Login to TIIH Online at <https://tiih.online>.
- (b) Select the corporate exercise name: **Hextar Industries Rights Issue.**
- (c) Agree to the Terms & Conditions and Declaration.
- (d) Proceed to download the “e-RSF file of Provisional Allotments”.
- (e) Preview the respective CDS Account details and its Provisional Allotments.
- (f) Prepare the submission of the e-RSF file on the acceptance of the Provisional Allotments and the Excess Rights Shares by completing with the required information.
- (g) Arrange to pay for the subscription of Rights Shares and Excess Rights Shares via telegraphic transfer into our designated bank account as follows:

Account Name:	<u>HIB RIGHTS ISSUE ACCOUNT</u>	<u>HIB EXCESS RIGHTS ISSUE ACCOUNT</u>
Bank:	AMBANK	AMBANK
Bank Account No	8881041439585	8881041439596

- (h) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into our Share Registrar's bank account as follows:-

Account Name:	<u>TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD</u>
Bank:	MALAYAN BANKING BERHAD
Bank Account No	514012025081

- (i) Once payments are completed, login to TIH Online, select corporate exercise name: "Hextar Industries Rights Issue" and proceed to upload the duly completed "e-RSF file on the Provisional Allotments".
- (j) Select "Submit" to complete your submission.
- (k) Print the confirmation report of your submission for your record.

(iii) Terms and conditions for e-Subscription

The e-Subscription of Provisional Allotments and Excess Rights Shares (if successful), shall be made on and subject to the terms and conditions appearing herein: -

- (i) After login to TIH Online, you are required to confirm and declare the following information given are true and correct: -
- (i) you have attained 18 years of age as at the last day for subscription and payment;
 - (ii) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood; and
 - (iii) you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (ii) you agree and undertake to subscribe for and to accept the number of Provisional Allotments and Excess Rights Shares applied (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares that may be allotted to you.
- (iii) by making and completing your e-Subscription, you, if successful, request and authorise Share Registrar or our Company to credit the Rights Shares allotted to you into your CDS Account;
- (iv) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or the Share Registrar and irrevocably agree that if: -

- (i) our Company or the Share Registrar does not receive your e-Subscription; or
 - (ii) data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against our Company or the Share Registrar for the Provisional Allotments accepted and/or Excess Rights Shares applied for or for any compensation, loss or damage relating to the e-Subscription.
- (v) you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository.
- (vi) by making and completing an e-Subscription, you agree that: -
- (i) in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotments accepted and Excess Rights Shares applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - (ii) the Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control.
- (vii) the Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (viii) notification on the outcome of your e-Subscription for the Provisional Allotments and Excess Rights Shares will be despatched to you by ordinary post to the postal address or by electronic mail to the email address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows: -
- (i) successful application - a notice of allotment will be despatched within 8 Market Days from the last day for application and payment for the Provisional Allotments; or
 - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the last day of application and payment for the Provisional Allotments.

The refund will be credited directly into your bank account if you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by the Closing Date, the provisional entitlement to you or remainder thereof (as the case may be) will have been deemed to be declined and will be cancelled.

Our Board will then have the right to allot any Rights Shares not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in **Section 10.9** of this Abridged Prospectus.

10.6 Procedure for part acceptance by the Entitled Shareholders and renouncee(s)/transferee(s) (if applicable)

You and/or your renouncee(s)/transferee(s) (if applicable) are entitled to accept part of your entitlement to the Provisional Allotments provided always that the minimum number of Rights Share that is accepted is 1 Provisional Allotment. Fractions of Rights Shares will be disregarded and the aggregate of such fractions shall be dealt with in such a manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company

You and/or your renouncee(s)/transferee(s) (if applicable) must complete the procedures set out in **Section 10.5** of this Abridged Prospectus.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotments that have not been accepted shall be allotted to any persons allowed under the law, regulations or rules to accept the transfer of the Provisional Allotments and the balance, if any, will be allotted to applicants applying for the excess Rights Shares on a fair and equitable basis in such manner as our Board in its absolute discretion deems fit and expedient in the best interest of our Company, such that the incidence of odd lots will be minimised.

10.7 Procedure for sale/transfer of the Provisional Allotments

As the Provisional Allotments are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Allotments to one or more than one person(s) through your stockbroker for the period up to the last date and time for sale or transfer of such Provisional Allotments, without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell/transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF. Please refer to **Sections 10.5** and **10.6** of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Allotments, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Allotments standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotments may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website at <http://www.bursamalaysia.com>.

10.8 Procedure for acceptance by renounee(s)/transferee(s) (if applicable)

Renounee(s)/transferee(s) (if applicable) who wishes to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or from Bursa Securities' website at <http://www.bursamalaysia.com>, complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions contained therein.

Alternatively, you may login to <https://tiih.online> to subscribe for the Provisional Allotments by way of e-Subscription.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Sections 10.5 to 10.9** of this Abridged Prospectus also applies to renounee(s)/transferee(s) (if applicable) who wish to accept the Provisional Allotments.

RENOUNEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.9 Procedure for Excess Rights Shares Application

10.9.1 By way of RSF

You and/or your renounee(s)/transferee(s) (if applicable) may apply for additional Rights Shares in excess of your entitlement by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a **separate remittance made in RM** for the full amount payable for the excess Rights Shares applied for, to our Share Registrar **not later than the Closing Date**, being the last date and time for application of and payment for the Excess Rights Shares.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 10.5 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "HIB EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares, on a *pro rata* basis and in board lot, calculated based on their respective shareholdings as per their CDS Accounts as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares, on a *pro rata* basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application applied for; and
- (iv) fourthly, for allocation to renounee(s)/transferee(s) (if applicable) who have applied for Excess Rights Shares, on a *pro rata* basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application applied for.

In the event there is any remaining balance of Excess Rights Shares after the above allocations, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares to the Entitled Shareholders and/or renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always that such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in steps (i) to (iv) above is achieved. Our Board also reserves the right at its absolute discretion to accept in full or in part any application for the Excess Rights Shares without assigning any reason thereof.

The final basis of allocation of the Excess Rights Shares will be announced on Bursa Securities together with the result of the total valid acceptances and excess applications after the Closing Date of the Rights Issue.

THE PAYMENT MUST BE MADE FOR THE EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED FOR. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR COMPANY'S RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE OF APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.

10.9.2 By way of e-Subscription

You and/or your renounee(s) and/or transferee(s) (if applicable) may apply for the Excess Rights Shares via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in **Section 10.5.2** of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in **Section 10.5.2** of this Abridged Prospectus.

Any Provisional Allotments which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares Application. It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the priority and basis as detailed in **Section 10.9.1** above.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/DISTRIBUTION. IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES.

10.10 Form of issuance

Bursa Securities has prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificate will be issued to you under the Rights Issue. A notice of allotment will be despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post to the address shown on our Company's Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the last date for acceptance of and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

Where the Rights Shares are provisionally allotted to you as an Entitled Shareholder in respect of your existing Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotments shall mean that you consent to receive such Provisional Allotments as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Allotments or to whom the Provisional Allotments has been transferred and intends to subscribe for the Rights Shares must state his or her CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his or her CDS Account upon allotment and issuance.

The Excess Rights Shares, if allotted to the successful applicant who applied for the Excess Rights Shares, will be credited directly as prescribed securities into the CDS Account of the successful applicant where the Provisional Allotment is standing to the credit. The allocation of the Excess Rights Shares will be made on a fair and equitable basis as disclosed in **Section 10.9.1** of this Abridged Prospectus.

10.11 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, the Documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue.

The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so, and AmInvestment Bank, our Company, our Directors, our officers and other professional advisers would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and other advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. AmInvestment Bank, our Company, our Directors, our officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and our Company, our Directors, our officers, AmInvestment Bank and other advisers shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against our Company, our Directors, our officers, AmInvestment Bank and other advisers in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged, agreed and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) our Company, our Directors, our officers, AmlInvestment Bank and other experts that:

- (i) our Company, our Board, our officers, AmlInvestment Bank and/or other advisers would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotments;
- (iii) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and
- (vi) the foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send them into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If the Documents are received by any persons in such country or jurisdiction, or by an agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward the Documents to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

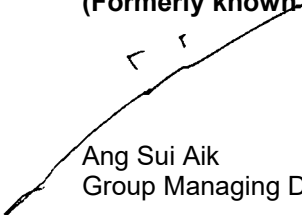
11 TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in the Documents.

12 FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of
HEXTAR INDUSTRIES BERHAD
(Formerly known as SCH Group Berhad)



Ang Sui Aik
Group Managing Director

APPENDIX I: INFORMATION ON OUR COMPANY

(A) SHARE CAPITAL

As at LPD, our Company's issued capital is RM76,158,901 comprising of 185,972,836 Hextar Industries Shares.

(B) BOARD OF DIRECTORS

<u>Name / Designation</u>	<u>Age</u>	<u>Address</u>	<u>Nationality</u>
Dato' Chan Choun Sien (Independent Non-Executive Chairman)	51	No.107, Jalan SS22/32, Damansara Jaya, 47400 Petaling Jaya, Selangor	Malaysian
Ang Sui Aik (Group Managing Director)	63	174-1-4, Kiara Park, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia	Malaysian
Wong Kin Seng (Executive Director)	51	No.44, Jalan 6/155A, Bukit Jalil Golf & Country Club, 57000 Kuala Lumpur	Malaysian
Sim Yee Fuan (Independent Non-Executive Director)	55	3, Lorong Gemilang Jaya 2, Taman Gemilang Jaya, 14000 Bukit Mertajam, Pulau Pinang	Malaysian
Dato Sri Chee Hong Leong (Independent Non-Executive Director)	57	23 Armada Villa, Jalan 109F Taman Danau Desa, 58100 Kuala Lumpur	Malaysian
Dato' Ong Choo Meng (Non-Independent Non-Executive Director)	43	31, Jalan TR 2/1, Tropicana Golf & Country Club, 47410 Petaling Jaya, Selangor	Malaysian
Ong Tzu Chuen (Non-Independent Non-Executive Director)	38	No.68, Jalan TR 9/2, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor	Malaysian

(C) SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The proforma effects of the Rights Issue on the shareholdings of directors and substantial shareholders are set out below.

The Rights Issue will not have an effect on the percentage of shareholdings of our directors and substantial shareholders assuming all the Entitled Shareholders subscribe for their respective entitlements.

(a) Directors' Shareholdings

Minimum Scenario

Directors of Hextar Industries	As at LPD			(I) After Rights Issue			(II) After (I) and Exercise of Warrants		
	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares
	%	%	%	%	%	%	%	%	%
Sim Yee Fuan	16,666	-	-	16,666	- ⁽ⁱⁱⁱ⁾	-	32,512 ⁽ⁱ⁾	- ⁽ⁱⁱⁱ⁾	-
Wong Kin Seng	6,816,694	3.7	-	6,816,694	1.8	-	6,816,694	1.3	-
Dato' Chan Choun Sien	366,700	0.2	-	366,700	0.1	-	366,700	0.1	-
Dato' Ong	-	-	57,244,632	-	30.8 ⁽ⁱⁱ⁾	253,077,967	-	253,077,967	49.5 ⁽ⁱⁱ⁾

Notes:-

- (i) After the adjustment to number of unexercised Warrants pursuant to the Poll.
- (ii) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.
- (iii) Negligible.

Base Case Scenario

Directors of Hextar Industries	As at LPD				(I) After Rights Issue				(II) After (I) and Exercise of Warrants			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sim Yee Fuan	16,666	-(iii)	-	-	99,996	-(iii)	-	-	115,842 ⁽ⁱ⁾	-(iii)	-	-
Wong Kin Seng	6,816,694	3.7	-	-	40,900,164	3.7	-	-	40,900,164	3.3	-	-
Dato' Chan Choun Sien	366,700	0.2	-	-	2,200,200	0.2	-	-	2,200,200	0.2	-	-
Dato' Ong	-	-	57,244,632	30.8 ⁽ⁱⁱ⁾	-	-	343,467,792	30.8 ⁽ⁱⁱ⁾	-	-	343,467,792	27.6 ⁽ⁱⁱ⁾

Notes:-

- (i) After the adjustment to number of unexercised Warrants pursuant to the Poll.
- (ii) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.
- (iii) Negligible.

Maximum Scenario

Directors of Hextar Industries	As at LPD				(i) After exercise of Warrants				(ii) After (i) and Rights Issue			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sim Yee Fuan	16,666	-(ii)	-	-	24,999	-(ii)	-	-	149,994	-(ii)	-	-
Wong Kin Seng	6,816,694	3.7	-	-	6,816,694	2.7	-	-	40,900,164	2.7	-	-
Dato' Chan Choun Sien	366,700	0.2	-	-	366,700	0.1	-	-	2,200,200	0.1	-	-
Dato' Ong	-	-	57,244,632	30.8 ⁽ⁱ⁾	-	-	57,244,632	22.6 ⁽ⁱ⁾	-	-	343,467,792	22.6 ⁽ⁱ⁾

Notes:-

(i) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.

(ii) Negligible.

(b) Substantial Shareholders' Shareholdings

Minimum Scenario

Substantial Shareholders of Hextar Industries	As at LPD			(I) After Rights Issue			(II) After (I) and Exercise of Warrants		
	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares
	%	%	%	%	%	%	%	%	%
Dato' Ong	-	57,244,632	30.8 ⁽ⁱ⁾	-	253,077,967	66.3 ⁽ⁱ⁾	-	253,077,967	49.5 ⁽ⁱ⁾
Dato' Ong Soon Ho	-	57,244,632	30.8 ⁽ⁱ⁾	-	253,077,967	66.3 ⁽ⁱ⁾	-	253,077,967	49.5 ⁽ⁱ⁾
Hextar	57,244,632	30.8		253,077,967	66.3		253,077,967	49.5	

Note:-

(i) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.

Base Case Scenario

Substantial Shareholders of Hextar Industries	As at LPD			(I) After Rights Issue			(II) After (I) and Exercise of Warrants		
	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares	Direct Interest	Indirect Interest	No. of Shares
	%	%	%	%	%	%	%	%	%
Dato' Ong	-	57,244,632	30.8 ⁽ⁱ⁾	-	343,467,792	30.8 ⁽ⁱ⁾	-	343,467,792	27.6 ⁽ⁱ⁾
Dato' Ong Soon Ho	-	57,244,632	30.8 ⁽ⁱ⁾	-	343,467,792	30.8 ⁽ⁱ⁾	-	343,467,792	27.6 ⁽ⁱ⁾
Hextar	57,244,632	30.8		343,467,792	30.8		343,467,792	27.6	

Note:-

(i) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.

Assuming only Hextar subscribed for the Rights Shares, Hextar has to subscribe approximately RM36.0 million worth of the Rights Shares pursuant to the Undertakings which would result in its shareholdings to be approximately 73.5%. As a result, Dato' Ong and Dato' Ong Soon Ho's indirect shareholdings will also be 73.5%. Hextar is unable to subscribe up to the full RM80.0 million pursuant to the Undertakings as it is limited by the Public Spread Requirement.

Maximum Scenario

Substantial Shareholders of Hextar Industries	As at LPD			(I) After exercise of Warrants			(II) After (I) and Rights Issue						
	Direct Interest	No. of Shares	%	Direct Interest	No. of Shares	%	Direct Interest	No. of Shares	%				
	Indirect Interest	No. of Shares	%	Indirect Interest	No. of Shares	%	Indirect Interest	No. of Shares	%				
Dato' Ong	-	-	-	57,244,632	30.8 ⁽ⁱ⁾	30.8 ⁽ⁱ⁾	-	-	-	57,244,632	22.6 ⁽ⁱ⁾	22.6 ⁽ⁱ⁾	22.6 ⁽ⁱ⁾
Dato' Ong Soon Ho	-	-	-	57,244,632	30.8 ⁽ⁱ⁾	30.8 ⁽ⁱ⁾	-	-	-	57,244,632	22.6 ⁽ⁱ⁾	22.6 ⁽ⁱ⁾	22.6 ⁽ⁱ⁾
Hextar	57,244,632	30.8	-	-	-	-	57,244,632	22.6	-	343,467,792	22.6	-	-

Note:-

(i) Deemed interested for the shares held by Hextar pursuant to Section 8 of the Act.

Assuming only Hextar subscribed for the Rights Shares, Hextar has to subscribe approximately RM60.4 million worth of the Rights Shares pursuant to the Undertakings which would result in its shareholdings to be approximately 74.0%. As a result, Dato' Ong and Dato' Ong Soon Ho's indirect shareholdings will also be 74.0%. Hextar is unable to subscribe up to the full RM80.0 million pursuant to the Undertakings as it is limited by the Public Spread Requirement.

(D) HISTORICAL FINANCIAL INFORMATION

A summary of the historical financial information of our Group is as follows:-

Historical financial performance

	Audited FY			Unaudited	
	2018 (Restated) ⁽ⁱ⁾ RM'000	2019 ⁽ⁱⁱ⁾ RM'000	2020 RM'000	9MFP2020 RM'000	9MFP2021 RM'000
Revenue	33,248	116,894	121,286	84,070	93,079
Cost of sales	(21,492)	(96,535)	(102,925)	(71,409)	(77,773)
GP	11,756	20,359	18,361	12,661	15,306
Other income	3,160	8,699	12,203	1,334	2,282
Net impairment loss on financial assets	(2,051)	(310)	(1,928)	49	309
Administrative expenses	(18,663)	(11,784)	(11,309)	(8,739)	(9,025)
Selling and distribution expenses	(1,848)	(5,373)	(8,684)	(6,283)	(5,949)
Other operating expenses	-	(327)	(12,885)	-	(69)
Finance costs	(662)	(4,045)	(3,378)	(2,580)	(1,929)
PBT/(LBT)	(8,308)	7,219	(7,620)	(3,558)	925
Taxation	(567)	(1,698)	(271)	(41)	782
PAT / (LAT)	(8,875)	5,521	(7,891)	(3,599)	1,707
PAT/(LAT) attributable to:					
- Owners of our Company	(8,875)	5,759	(7,995)	(3,683)	1,410
- Non-controlling interests	-	(238)	104	84	297
GP Margin (%)	35.4	17.4	15.1	15.1	16.4
PAT / (LAT) margin (%)	(26.7)	4.7	(6.5)	(4.3)	1.8

Historical financial position

	Audited as at 31 August			Unaudited as at 31 May	
	2018 (Restated) ⁽ⁱ⁾ RM'000	2019 RM'000	2020 RM'000	2020 RM'000	2021 RM'000
Non-current assets	94,971	90,815	79,516	91,253	76,752
Current assets	79,899	87,768	98,247	99,072	98,964
Asset classified held for sale	2,455	-	669	-	-
Total assets	177,325	178,583	178,432	190,325	175,716
Share capital	75,918	75,918	75,918	75,918	76,159
Merger deficit	(23,859)	(23,859)	(23,859)	(23,859)	(23,859)
Foreign currency translation reserve	10	(8)	(11)	-	-
Retained earnings	27,052	33,927	25,932	30,214	27,342
Total equity attributable to owners of our Company / NA	79,121	85,978	77,980	82,273	79,642
Non-controlling interests	3,880	3,642	3,746	3,726	4,043
Total equity	83,001	89,620	81,726	85,999	83,685
Non-current liabilities	64,021	56,990	24,543	53,506	48,847
Current liabilities	30,303	31,973	72,163	50,820	43,184
Total liabilities	94,324	88,963	96,706	104,326	92,031
Total equity and liabilities	177,325	178,583	178,432	190,325	175,716

Historical cash flow

	Audited FY			Unaudited	
	2018 (Restated) ⁽ⁱ⁾ RM'000	2019 ⁽ⁱⁱ⁾ RM'000	2020 RM'000	9MFP2020 RM'000	9MFP2021 RM'000
Net cash from / (used in)					
Operating activities	5,330	4,859	6,921	(1,254)	(14,366)
Investing activities	(63,961)	8,879	(2,961)	(3,902)	11,590
Financing activities	58,078	(9,851)	78	6,991	1,864
Net increase / (decrease) in cash and cash equivalents	(553)	3,887	4,038	1,835	(912)
Effects of changes in exchange rate	(458)	369	(2)	-	-
Cash and cash equivalents at beginning of the year / period	9,614	8,603	12,859	12,859	16,895
Cash and cash equivalents at end of the year / period	8,603	12,859	16,895	14,694	15,983

Notes:-

(i) *Restatement of FY 2018 in the 2019 Annual Report of Hextar Industries due to:-*

(a) *Adjustment arising from finalisation of initial provisional accounting estimate and comparative.*

In the FY 2018, our Group had completed the acquisition of 83.33% of the issued and paid-up share capital of PK Fertilizers (Sarawak) Sdn Bhd for a total consideration of RM 18.25 million on 28 August 2018. As permitted by Malaysian Financial Reporting Standard 3, Business Combination, the provisional gain on bargain purchase estimated in FY 2018 was reviewed during FY 2019, and the final allocation of purchase price was determined after completion of a final analysis. The fair value of net assets acquired of PK Fertilizers (Sarawak) Sdn Bhd is determined at RM 19.40 million as at the date of acquisition and accordingly, the gain on bargain purchase had been revised to RM 1.1 million. The revision is accounted for retrospectively.

(b) *Reclassification*

Certain comparative figures of FY 2018 have been adjusted to conform the FY 2019 presentation.

(ii) *Certain comparative figures of FY 2019 have been reclassified to conform to FY 2020 presentation in the 2020 Annual Report of Hextar Industries.*

Commentaries

(a) **9MFP2021 vs 9MFP2020**

Our Group recorded a revenue of approximately RM93.08 million for the 9MFP2021, which is an increase of RM9.01 million or approximately 10.7% as compared to the 9MFP2020. The revenue by segments are as follows:-

Segments	9MFP2020	9MFP2021	Difference	
Revenue	RM'000	RM'000	RM'000	%
Fertiliser	58,515	57,822	(693)	(1.2)
Heavy equipment	16,721	14,084	(2,637)	(15.8)
Equipment rental	8,834	21,173	12,339	>100.0
- (inclusive of trading of industrial products)				
Total	84,070	93,079	9,009	10.7

Our rental equipment segment has recorded higher revenue principally due to sales of industrial batteries which our Group embarked in the second half of FY 2020. The revenue for our heavy equipment segment decreased by 15.8% primarily due to slow down in quarry and construction activities amidst the COVID-19 pandemic whilst our fertiliser segment recorded only marginal decrease of 1.2%

Our Group recorded PAT of RM1.71 million as compared to LAT of RM3.6 million of the same period in the previous financial year. This was mainly due to the increase in revenue and our Group had recognised a gain on property disposal of RM1.5 million in the 9MFP2021.

For the 9MFP2021, our Group recorded a decrease in cash and cash equivalents of RM0.91 million mainly due to the net cash used in operating activities of RM14.37 million. The cash outflow from operating activities was mainly due to purchase of inventories as our Group noticed a shortage of fertilisers in the market. The cash outflow from operating activities is then offset by the net cashflow from investing activities and financing activities of RM11.59 million (mainly due to profit guarantee received in relation to the acquisition of TK Rentals Sdn Bhd in 2018 of RM10.22 million) and RM1.86 million respectively.

(b) FY 2020 vs FY 2019

Our Group recorded a revenue of approximately RM121.29 million for the FY 2020, which is an increase of 3.76% as compared to FY2019. The revenue by segments are as follows:-

Segments	FY 2019	FY 2020	Difference	
Revenue	RM'000	RM'000	RM'000	%
Fertiliser	73,524	81,633	8,109	11.0
Heavy equipment	26,492	22,491	(4,001)	(15.1)
Equipment rental	16,878	17,162	284	1.7
- <i>(inclusive of trading of industrial products)</i>				
Total	116,894	121,286	4,392	3.8

The increase in revenue was mainly contributed by the fertiliser segment. On the other hand, our heavy equipment and equipment rental segment (excluding trading of industrial battery) were adversely affected by the COVID-19 pandemic which resulted in various restriction in movement starting March 2020. The revenue of our heavy equipment segment has dropped by RM4.0 million in FY 2020. Our equipment rental (excluding industrial battery)'s revenue suffered a dropped in revenue by RM5.9 million in FY 2020 (FY 2020: RM11.0 million and FY 2019: RM16.9 million). Nevertheless, the dropped in revenue by our equipment rental business was mitigated by the revenue contribution from the trading of industrial batteries which our Group has embarked in second half of FY 2020.

Despite higher revenue, our Group recorded a LAT of RM7.89 million (FY 2019: PAT of RM5.52 million). This was mainly due to, impairment of trade receivables of RM1.92 million, inventory written down and written off of RM2.62 million and impairment of goodwill of RM9.54 million in relation to the acquisition of wholly-owned subsidiary, TK Rentals Sdn Bhd.

The impairment of trade receivables was mainly due to COVID-19 pandemic, where customers from the event industry and quarry industry were significantly affected. After due consideration, our Group had decided to impair the amount owing by the affected customers in FY 2020.

Our Group had also written down and written off obsolete equipment and spare parts amounted to RM2.62 million in FY 2020

For FY 2020, our Group recorded an increase in cash and cash equivalents of RM4.04 million mainly due to:-

- (i) despite the disruption brought by the COVID-19 pandemic, our Group is able to generate a positive net cash from operating activities amounting to RM6.92 million in FY 2020; and
- (ii) offset by the cash outflow for the purchase of property, plant and equipment of RM3.3 million.

(E) HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Hextar Industries Shares as traded on the ACE Market of Bursa Securities for the past twelve (12) months from September 2020 to August 2021 up to LPD are as follows:

	High RM	Low RM
<u>2020</u>		
September	0.135	0.090
October	0.120	0.090
November	0.105	0.090
December	0.115	0.090
<u>2021</u>		
January	0.115	0.090
February	0.105	0.090
March	⁽ⁱ⁾ 0.540	0.265
April	0.305	0.235
May	0.280	0.220
June	0.365	0.225
July	0.355	0.255
August up to LPD	0.380	0.320

The last transacted market price of Hextar Industries Share on 5 November 2020 (being the last Market Day immediately prior to the announcement of Rights Issue) 0.095

The last transacted market price of Hextar Industries Shares as at the 27 September 2021 (being the last Market Day immediately prior to the ex-rights date on 28 September 2021) 0.255

The last transacted market price of Hextar Industries Shares as at the LPD 0.335

Note:-

(i) After the Share Consolidation that was completed on 15 March 2021.

(Source: Bloomberg)

(F) OPTION TO SUBSCRIBE FOR HEXSTAR INDUSTRIES SHARES

As at the LPD, save as disclosed below and Provisional Allotments as well as Excess Rights Shares, no option to subscribe for the Hextar Industries Shares has been granted or is entitled to be granted to any person:-

- (i) 67,809,409 outstanding Warrants as at LPD, each carrying the right to subscribe for 1 new Hextar Industries Shares at the exercise price of RM0.30 and expiring on 3 December 2021. The Warrants were issued pursuant to our Company's bonus issue exercise which was completed on 8 December 2016.

(G) MATERIAL CONTRACTS

As at the LPD, save as disclosed below, our Board confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by our Group during the 2 years preceding the date of this Abridged Prospectus:-

- (i) On 18 September 2020, Sin Chee Heng (Butterworth) Sdn Bhd, an indirect wholly-owned subsidiary of Hextar Industries had entered into a sale and purchase agreement with Excel Spirit Sdn Bhd to dispose a piece of freehold land held under Geran 149604, Lot 3653 Mukim 06, Daerah Seberang Perai Tengah, Negeri Pulau Pinang approximately 377 square metre together with a unit of 2 storey terrace light industrial building (corner unit) erected thereon bearing postal address at No.1, Lorong Nagasari 23, Taman Nagasari, 13600 Seberang Perai, Pulau Pinang for a total consideration of RM770,000.00; and
- (ii) On 6 November 2020, Sin Chee Heng (Sabah) Sdn Bhd, an indirect wholly-owned subsidiary of Hextar Industries had entered into a sale and purchase agreement with L 2 Logistics Sdn Bhd to dispose a piece of freehold land held under individual title no. CL015548482, in the locality of KM 9 KK-Tuaran Road, District of Kota Kinabalu, Sabah together with one (1) Double Storey Light Industrial Warehouse cum office erected thereon and known as Lot 33 (MPKK 6), Lorong Makat 3, Estate Perindustrian Makat, 88450 Kolombong, Kota Kinabalu Sabah for a total consideration of RM1,540,000.00.

Our Board further confirms that as at the LPD, both of the abovementioned Material Contracts have been duly completed.

(H) MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Board confirmed that neither our Company nor our subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the our Group and our Board confirmed that there are no proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

Civil Suit between TK Rentals Sdn Bhd and EN Projects (M) Sdn Bhd

TK Rentals Sdn Bhd, a subsidiary of Hextar Industries, had on 22 January 2021 filed a Writ of Summons in the Kuala Lumpur Sessions Court against EN Projects (M) Sdn Bhd for the amount of RM341,375 and the same has been extracted from the Court. The said amount was owed by EN Projects (M) Sdn Bhd to TK Rentals Sdn Bhd for rental of equipment and services. A Judgment in Default of Appearance was subsequently obtained against EN Projects (M) Sdn Bhd on 19 February 2021 for the amount of RM341,375 and interest thereon at the rate of 5.00% per annum from the date of the Judgment in Default of Appearance up to full settlement.

Our Board is of the view that notwithstanding a Judgment in Default of Appearance has been obtained against EN Projects (M) Sdn Bhd, the recoverability of the amount is uncertain.

(I) CONSENTS

- (i) The Principal Adviser, solicitors, Share Registrar, Independent Market Researcher and company secretaries have given and have not subsequently withdrawn their written consents for the inclusion in this Abridged Prospectus of their names and all reference thereto in the form and context in which they appear in this Abridged Prospectus; and
- (ii) Bloomberg has given and has not subsequently withdrawn its written consent for the inclusion in this Abridged Prospectus of its name and citation of the market data of Hextar Industries Shares and all reference in relation to Bloomberg, made available to its subscribers in the form and context in which it appears in this Abridged Prospectus.

(J) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 5, Block B, Dataran PHB Saujana Resort, Section U2, 40150, Shah Alam, Selangor during normal business hours from Mondays to Fridays (except public holidays) for a period of six (6) months from the date of this Abridged Prospectus:-

- (i) Constitution of Hextar Industries;
- (ii) the relevant cause papers in respect of material litigation referred to in **Section H of Appendix I** of this Abridged Prospectus;
- (iii) letters of consent as referred to in **Section I** of this **Appendix I**;
- (iv) the letter of undertaking dated 11 November 2020 from Hextar in respect of the Undertakings as referred to in **Section 2.4** of this Abridged Prospectus;
- (v) the IMR Report referred to in **Section 6** of this Abridged Prospectus; and
- (vi) the material contracts referred to in **Section G of Appendix I** above.

(K) RESPONSIBILITY STATEMENTS

Our Board has seen and approved this Abridged Prospectus together with the accompanying NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, they confirmed that there is no false or misleading statement or other facts which if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.