



ANNUAL REPORT 2024

**Message
from
Chairman**

Dear Valued Shareholders,

On behalf of my colleagues on the Board of Haily Group Berhad, I am honoured to present our fourth Annual Report together with the Audited Financial Statements of Haily Group Berhad ("Haily" or "**Company**") and its subsidiaries (collectively referred to as "**Group**") for the financial year ended 31 December 2024.

Haji Mohd Jaffar Bin Awang (Ismail)
Independent Non-Executive Chairman

Vision

We aspire to be the choice builder by delivering high quality construction products and services to our customers in a timely manner and seek to create sustainable returns to all our stakeholders

Mission

- To create a conducive environment for satisfactory development of skills and knowledge among staffs and management to promote career advancement, trigger efficiency and effectiveness in work processes and motivate team cohesiveness
- To uphold long term relationship with our valued customers without compromising in the highest standards in environmental, safety and health
- To adopt best industrial practices and embrace innovation as the way we conduct our businesses

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CORPORATE INFORMATION

Board of Director

Haji Mohd Jaffar Bin Awang (Ismail)
Independent Non-Executive Chairman

See Cul Wei
Executive Director

See Tin Hai
Executive Director

Tan Sui Huat
Senior Independent Non-Executive Director

Yoong Woei Yeh
CEO/Executive Director

Ong Kheng Swee
Independent Non-Executive Director

See Swee Ling
Executive Director

Poh Boon Huwi
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Ong Kheng Swee

Member
Tan Sui Huat
Poh Boon Huwi

REMUNERATION COMMITTEE

Chairperson
Poh Boon Huwi

Member
Tan Sui Huat
Ong Kheng Swee

NOMINATING COMMITTEE

Chairman
Tan Sui Huat

Member
Ong Kheng Swee
Poh Boon Huwi

PRINCIPAL PLACE OF BUSINESS

No. 3339, Jalan Pekeliling Tanjung 27
Kawasan Perindustrian Indahpura
81000 Kulai, Johor
Tel No.: +607-660 9888
Fax No.: +607-663 8866
Email: corporate@haily.com.my
Website : www.haily.my

REGISTERED OFFICE

Suite 5.11 & 5.12
5th Floor, Menara TJB
No. 9, Jalan Syed Mohd. Mufti
80888 IIBD, Johor
Tel No.: +607-224 2823
Email: plc@cisgroup93.com

COMPANY SECRETARIES

Irene Juay Yee Luan
(MAICSA 7057249 / SSM Practicing
Certificate No. 202008001193)
Hew Jing Sian
(MAICSA 7065968 / SSM Practicing
Certificate No. 202008001325)

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
CIMB Islamic Bank Berhad
United Overseas Bank
(Malaysia) Berhad
Public Bank Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
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

AUDITORS

Baker Tilly Monteiro Heng PLT
Firm No.: 201906000600
(LLP0019411-LCA) & AF0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

ACE Market, Bursa Malaysia
Securities Berhad
Stock Code: 0237
Stock Name: HAILY
Date of Listing: 21 July 2021

CORPORATE MILESTONE



2007

Haily Construction Sdn Bhd ("**Haily Construction**") was incorporated in May 2007.



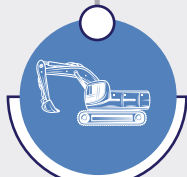
2008

We commenced operations as a contractor of building construction works and a registered contractor with CIDB. We commenced construction of 4 blocks of 4-storey purpose-built buildings comprising 28 units within the buildings used for breeding of swiftlet in Mersing, Johor.



2009

We secured our first of several contracts for the Taman Sri Pulai Perdana 2 Project and Sierra Perdana Project.



2011

Haily Machinery Sdn Bhd ("**Haily Machinery**") was incorporated in August 2011 and principally involved in the provision of rental of construction machinery.



2012

We secured our first contract for the construction of a high-rise building construction project, a 19-storey apartment namely Summerscape Johor Bahru.



2020

Haily was incorporated on 21 February 2020 as a private limited company under the name of Haily Group Sdn Bhd. Via an internal reorganisation exercise, Haily Construction and Haily Machinery (by virtue of it being a wholly-owned subsidiary of Haily Construction) became our wholly-owned subsidiaries. Subsequently on 25 August 2020, we were converted to a public limited company to embark on the ACE Market listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").



2019

We were accredited ISO 9001:2015 which was valid from 5 December 2022 to 5 December 2025.



2018

We secured our first affordable housing projects, Rumah Mampu Milik Johor (RMMJ) and Perumahan Komuniti Johor (PKJ) at Taman Nusa Sentral.



2016

We secured the contract for the construction of the Project Plentong High Rise Phase 2.



2014

We secured our first contract for the construction of industrial building, the I-Synergy Business Park Project. We also secured our first contract for the construction of a serviced apartment project, Project Plentong High Rise Phase 1.



2021

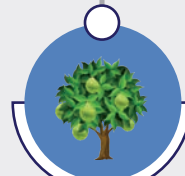
Haily launched its prospectus for ACE Market listing on 30 June 2021 with the aim to raise RM20.4 million. The initial public offering ("**IPO**") exercise involved a public issue of 30 million shares at 68 sen each.

Haily was successfully listed on the ACE Market of Bursa Securities on 21 July 2021 with its share price opening at 79 sen or 11 sen above its issue price of 68 sen.



2022

Haily Development Sdn Bhd ("**Haily Development**") was incorporated in June 2022 with its intended principal activity in property development.



2023

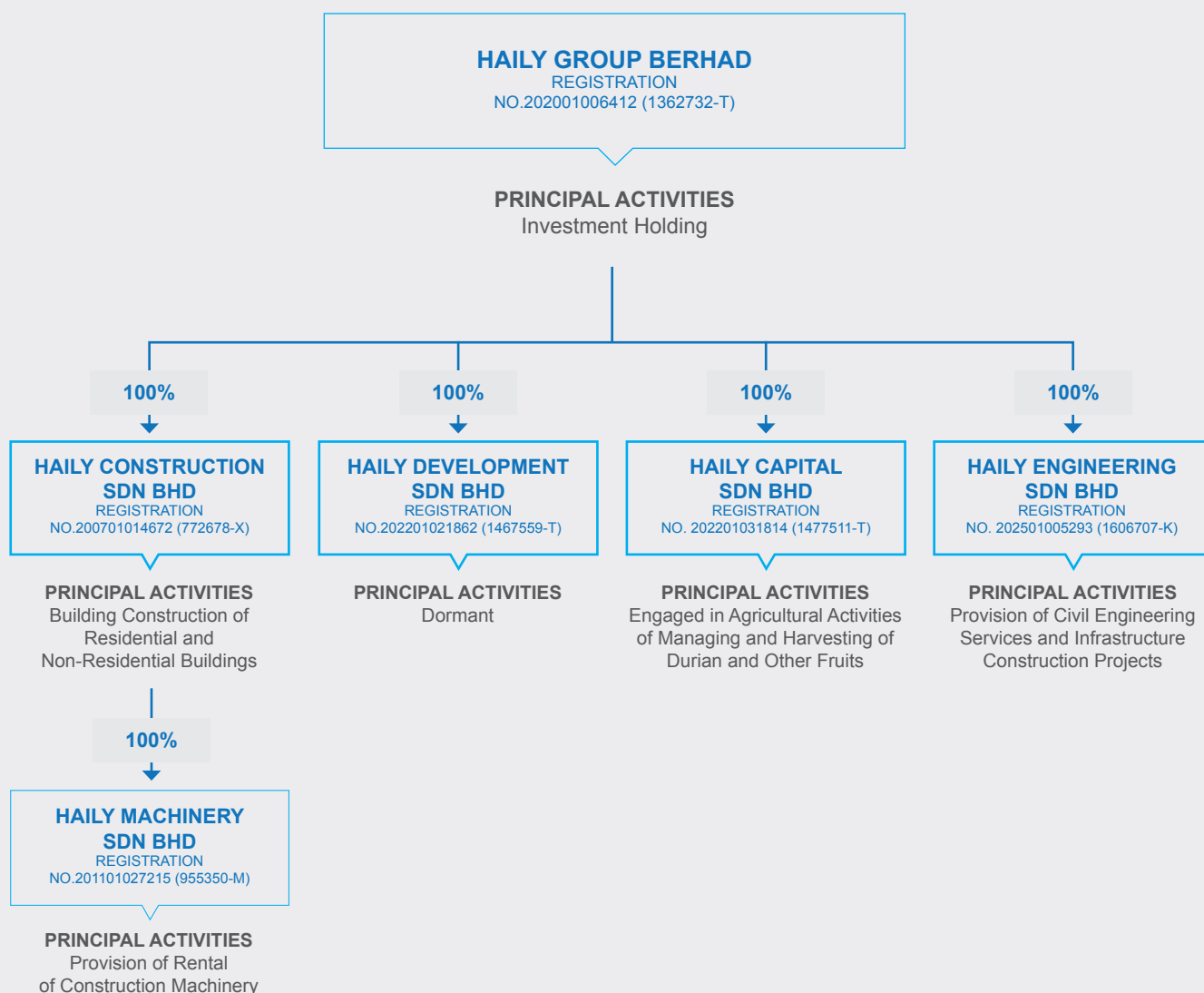
In January 2023, Haily Capital engaged in agricultural activities of managing and harvesting of durian and other fruits.



2025

Haily Engineering Sdn Bhd ("**Haily Engineering**") was incorporated in February 2025 and is principally involved in the provision of civil engineering services and infrastructure construction projects.

CORPORATE STRUCTURE

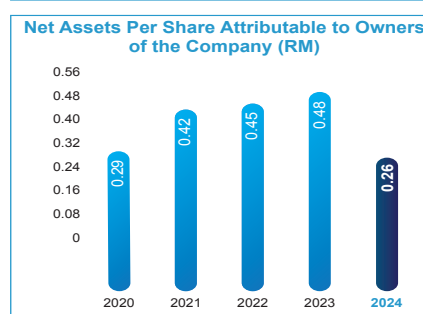
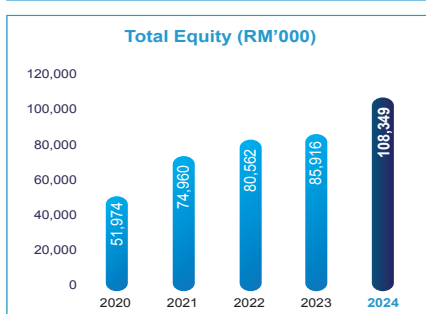
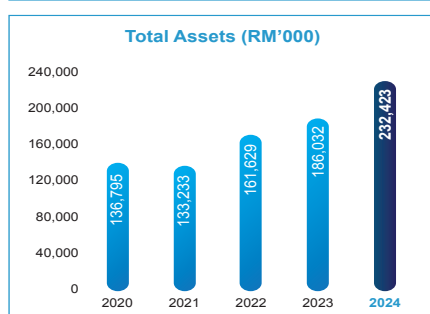
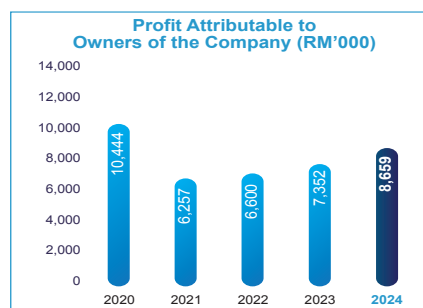
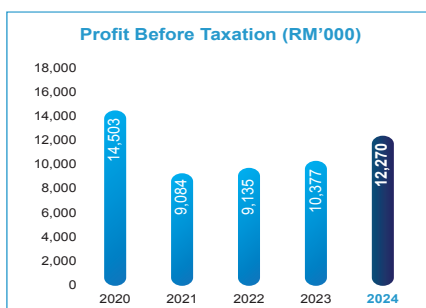
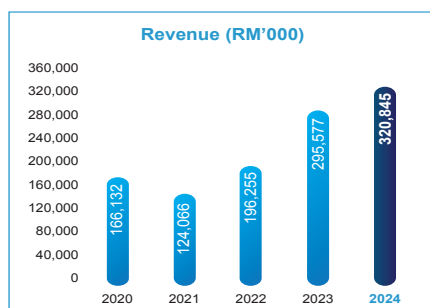


FIVE-YEARS FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December ("FYE")	2020 ⁽¹⁾ RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	166,132	124,066	196,255	295,577	320,845
Gross Profit	27,484	21,915	23,604	26,306	30,886
Profit Before Taxation	14,503	9,084	9,135	10,377	12,270
Profit After Taxation	10,444	6,257	6,600	7,352	8,659
Profit Attributable to Owners of the Company	10,444	6,257	6,600	7,352	8,659
Total Assets	136,795	133,233	161,629	186,032	232,423
Total Equity	51,974	74,960	80,562	85,916	108,349
Net Assets Attributable to Owners of the Company	51,974	74,960	80,562	85,916	108,349
Number of Shares after the IPO ('000)	178,321 ⁽²⁾	178,321	178,321	178,321	423,005
Net Assets per Share Attributable to Owners of the Company (RM)	0.29 ⁽³⁾	0.42	0.45	0.48	0.26
Weighted Average Number of Shares in Issue ('000)	356,641 ⁽⁴⁾	322,952 ⁽⁵⁾	356,641 ⁽⁵⁾	356,641 ⁽⁵⁾	378,755
Basic and Diluted Earnings per Share ("EPS") ⁽⁶⁾ (sen)	2.93	1.94	1.85	2.06	2.29
Gearing Ratio (times) ⁽⁷⁾	0.15	0.03	0.09	0.09	0.13

Notes:

- (1) Based on the Accountants' Report set out in Section 13 of the Prospectus of the Company dated 30 June 2021.
- (2) To facilitate a 5 years snapshot for comparison purposes only, Number of Shares is based on the ordinary shares in issue of the Company after its IPO.
- (3) To facilitate a 5 years snapshot for comparison purposes only, Net Assets per Share is computed based on Net Assets Attributable to Owners of the Company divided by the number of ordinary shares in issue after its IPO.
- (4) To facilitate a 5 years snapshot for comparison purposes only, the weighted average number of ordinary shares in issue for the FYE 2020 is based on the ordinary shares in issue of the Company after its IPO and have been adjusted to reflect the bonus issue which was completed on 13 September 2024.
- (5) The weighted average number of ordinary shares in issue for the FYE 2021 to FYE 2023 have been adjusted to reflect the bonus issue which was completed on 13 September 2024.
- (6) Basic earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price during the financial year does not exceed the exercise price of the warrants.
- (7) Gearing Ratio is calculated based on borrowings/total debts over total equity.



Board of Director ("Board")

See Swee Ling
Executive Director

See Tin Hai
*Founder and
Executive Director*

See Cul Wei
Executive Director

Yoong Woei Yeh
*Chief Executive Officer ("CEO")
and Executive Director*





**Haji Mohd Jaffar
Bin Awang (Ismail)**
*Independent
Non-Executive Chairman*

Tan Sui Huat
*Senior Independent
Non-Executive Director*

Poh Boon Huwi
*Independent
Non-Executive Director*

Ong Kheng Swee
*Independent
Non-Executive Director*



DIRECTORS' PROFILES

Haji Mohd Jaffar Bin Awang (Ismail)

Independent Non-Executive Chairman

Malaysian | Male | Age 72

Haji Mohd Jaffar Bin Awang (Ismail) was appointed as Independent Non-Executive Chairman of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He holds a Bachelor of Social Science with Honours from Universiti Sains Malaysia and Master of Arts (South East Asian Studies) from the University of Hull, United Kingdom.

He has more than 30 years of experience in the government, serving the Johor Civil Service since January 1978 where he held the position of Mayor at Johor Bahru City Council at the time he retired in August 2011.

Currently, he is an Independent Non-Executive Director of Atlan Holdings Berhad which is listed on the Main Market of Bursa Securities. Haji Mohd Jaffar Bin Awang (Ismail) is also a director of a public company, Ang Tiong Loi Tasek Maju Charity Berhad. Save for the above, he does not hold directorship in any other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2024.

See Tin Hai

Founder and Executive Director

Malaysian | Male | Age 64

See Tin Hai was appointed as Executive Director on 21 February 2020 (upon the Company's incorporation).

He is not a member of any of the Company's Board Committees.

See Tin Hai is an entrepreneur with more than 40 years of experience in the construction industry. In 1980, he started his own business undertaking house renovation, electrical and wiring works after completing his SPM. In 2001, he invested in a building construction company and was appointed as a Director, overseeing the construction projects undertaken by the said building construction company. He subsequently resigned as a Director in March 2020 and sold his shares in the company in May 2020. With the experience gained over the years, See Tin Hai founded Haily Construction with his wife, Kik Siew Lee in May 2007 to tender and undertake construction services for property developers.

He does not hold any directorship in other public companies and listed corporations.

See Tin Hai is the father of See Swee Ling and See Cul Wei and father-in-law of Yoong Woei Yeh, all of whom are Executive Directors of the Company.

During the financial year and up to the date of this Report, he has not been involved in any new business which will give rise to competition/conflict or potential conflict of interest with the current business of the Group other than as disclosed under paragraph f(iii) of the Audit and Risk Management Committee Report.

He attended all 5 Board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILES CONT'D

Yoong Woei Yeh

CEO and Executive Director

Malaysian | Male | Age 46

Yoong Woei Yeh was appointed as Executive Director on 21 February 2020 (upon the Company's incorporation) and was subsequently appointed as CEO of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He holds a Bachelor of Engineering (Civil) from Universiti Teknologi Malaysia (UTM). He is also a graduate member of the Institute of Engineers Malaysia and the Board of Engineers Malaysia.

Yoong Woei Yeh started his career as a site engineer in June 2002 upon graduation from UTM and had served in various key positions in several construction companies before joining Haily Construction in February 2009 as Project Engineer. He rose by the ranks and was appointed as a Director of Haily Construction in April 2012 and was promoted to the position of CEO of Haily Construction in May 2019.

He does not hold any directorship in other public companies and listed corporations.

Yoong Woei Yeh is the son-in-law of See Tin Hai, spouse of See Swee Ling and brother-in-law of See Cul Wei, all of whom are Executive Directors of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2024.

See Swee Ling

Executive Director

Malaysian | Female | Age 39

See Swee Ling was appointed as Executive Director of the Company on 2 September 2020.

She is not a member of any of the Company's Board Committees.

She holds a Bachelor of Arts in Accounting & Finance from the University of East London.

Upon graduation in 2009, See Swee Ling was invited by her father, See Tin Hai who is the founder of Haily Construction to develop her career with Haily Construction. She joined Haily Construction as an Accounts Assistant in September 2009, and rose by the ranks and was appointed as Director of Haily Construction in April 2012.

She does not hold any directorship in other public companies and listed corporations.

See Swee Ling is the daughter of See Tin Hai, spouse of Yoong Woei Yeh and sister of See Cul Wei, all of whom are Executive Directors of the Company.

She attended all 5 Board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILES CONT'D

See Cul Wei

Executive Director

Malaysian | Female | Age 31

See Cul Wei was appointed as Executive Director of the Company on 25 May 2022.

She is not a member of any of the Company's Board Committees.

She holds a Bachelor of Science (Honours) in Architecture from Taylor's University and Master of Arts (M.A.) from Anhalt University of Applied Sciences, Dessau in Germany.

Upon graduation in 2020, See Cul Wei joined a professional architecture firm as a Project Architect until she resigned in November 2021. She joined Haily Construction in January 2022 as an Assistant Project Manager and was subsequently promoted to the position of Head of Contract & Business Development in May 2022. As from 1 January 2025, See Cul Wei was redesignated to the position of Head of Design of Haily Construction.

She does not hold any directorship in other public companies and listed corporations.

See Cul Wei is the daughter of See Tin Hai, sister of See Swee Ling and sister-in-law of Yoong Woei Yeh, all of whom are Executive Directors of the Company.

She attended 4 out of 5 Board meetings held during the financial year ended 31 December 2024.

Tan Sui Huat

Senior Independent Non-Executive Director

Malaysian | Male | Age 69

Tan Sui Huat was appointed as Independent Non-Executive Director of the Company on 2 September 2020.

He is currently the Chairman of the Nominating Committee and a member of the Remuneration Committee as well as the Audit and Risk Management Committee of the Company.

Tan Sui Huat holds a Bachelor of Laws from University of London, United Kingdom. He was admitted to the Honourable Society of Lincoln's Inn and was called to the English Bar as a Barrister-At-Law. In July 1984, Tan Sui Huat was admitted as an Advocate and Solicitor of the High Court of Malaya after completing his pupillage. He commenced his legal career in July 1984 and served with several law firms before joining K H Koh, Azhar & Koh ("K H Koh").

He is currently the Managing Partner at K H Koh and is also a member of the Disciplinary Committee of the Advocates & Solicitors Disciplinary Board.

He does not hold any directorship in other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILES CONT'D

Ong Kheng Swee

Independent Non-Executive Director

Malaysian | Male | Age 67

Ong Kheng Swee was appointed as Independent Non-Executive Director of the Company on 2 September 2020.

He is currently the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee as well as the Remuneration Committee of the Company.

He is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Fellow of the Malaysian Institute of Taxation.

Ong Kheng Swee held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector, including as Chief Financial Officer (“CFO”). He had previously served as an Executive Director cum CFO of an automotive components distribution company listed on the Main Market of Bursa Securities until February 2020 when he left to pursue his interest in management consulting and advisory.

He is currently a Non-Independent Non-Executive Director of Power Root Berhad which is listed on the Main Market of Bursa Securities. Save for the above, he does not hold directorship in any other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

He attended all 5 Board meetings held during the financial year ended 31 December 2024.

Poh Boon Huwi

Independent Non-Executive Director

Malaysian | Female | Age 70

Poh Boon Huwi was appointed as Independent Non-Executive Director of the Company on 24 November 2021.

She is currently the Chairman of the Remuneration Committee and a member of the Nominating Committee as well as the Audit and Risk Management Committee of the Company.

She holds a Bachelor of Commerce from the University of Otago, New Zealand and is a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

Poh Boon Huwi started her career in New Zealand in January 1980 as an Assistant Accountant and she returned to Malaysia to work in an accounting firm in September 1981. Since 1984, she has held various key positions in the internal audit department of several banking groups until her retirement in January 2012.

Currently, she is assisting in the management of her family's oil palm plantation business and other investments.

She does not hold any directorship in other public companies and listed corporations.

She does not have any family relationship with any director and/or major shareholder of the Company.

She attended all 5 Board meetings held during the financial year ended 31 December 2024.

Competition / Conflict of Interest

Save as disclosed above, none of the directors has been involved in any business which will give rise to competition/ conflict or potential conflict of interest with the current business of the Group during the financial year and up to the date of this Report.

Conviction for Offences

None of the directors has any convictions for offences within the past 5 years (other than traffic offences, if any) or subject to public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management



Long Cheow Siong
Chief Financial Officer
("CFO")



Lim Kok Siang
Chief Operating Officer
("COO")



KEY SENIOR MANAGEMENT'S PROFILES

Long Cheow Siong

CFO

Malaysian | Male | Age 60

Long Cheow Siong was appointed as CFO of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He is a Certified Public Accountant (CPA) of the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He holds a Master of Business Administration (MBA) from the University of Heriot-Watt.

Long Cheow Siong has held various senior positions in the professional and commercial sectors. He started his career in 1985 with a major international accounting firm with the view to qualify as a CPA. He left in December 1990 and served as the Senior Manager in Accounts and Services of a property development company listed on the Main Market of Bursa Securities. In July 2007, he joined a company with diversified businesses as a CFO and subsequently, he was promoted to Chief Operating Officer ("COO") and at the same time appointed as General Manager of a hotel owned by the said group. Long Cheow Siong left employment in early 2018 to pursue his own consultancy practice before joining Haily Construction as CFO in April 2019.

He does not hold any directorship in other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

Lim Kok Siang

COO

Malaysian | Male | Age 47

Lim Kok Siang was appointed as COO of the Company on 2 September 2020.

He is not a member of any of the Company's Board Committees.

He holds a Diploma in Quantity Surveying and a Bachelor of Science (Building) from Universiti Teknologi Malaysia (UTM) as well as a Master of Business Administration (MBA) from the UNITAR International University.

Lim Kok Siang started his career in May 2001 and has held various key positions in several construction and property development companies before joining Haily Construction in April 2010 as Contract Executive. He was promoted to Contract Manager in July 2011 before being appointed as COO of Haily Construction in May 2019.

He does not hold any directorship in other public companies and listed corporations.

He does not have any family relationship with any director and/or major shareholder of the Company.

Competition / Conflict of Interest

During the financial year and up to the date of this Report, none of the key senior management (whom are not executive directors) has been involved in any business which will give rise to competition/conflict or potential conflict of interest with the current business of the Group.

Conviction for Offences

None of the key senior management (whom are not executive directors) has any convictions for offences within the past 5 years (other than traffic offences, if any) or subject to public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS



Dear Valued Shareholders,

On behalf of the Board of Directors of Haily, I am pleased to present our review of the financial and operational performance of our Group for the financial year ended 31 December 2024.

Yaong Woei Yeh
CEO and Executive Director

INTRODUCTION

For 2024, the Malaysian economy exhibited considerable resilience by posting a commendable growth of 5.1% as compared to 3.6% for 2023. This is mainly due to the continued expansion in the domestic demand and a rebound in exports.

The construction sector also demonstrated a solid performance in 2024, notching value of work done at RM158.8 billion, representing a growth of 20.2% as compared to 2023 of 8.4% from the total value of construction work done of RM132.2 billion. The state of Johor, where our Group's on-going construction projects are mainly concentrated, consistently ranked the second highest in Malaysia in term of value of work done after Selangor.

Leveraging on our core competency in building construction in Johor and riding on the waves of improving state of economy of the country, our Group achieved several significant milestones in the financial year ended 31 December 2024 ("**FYE 2024**"). The total value of contracts secured in the FYE 2024 hit a record high of approximately RM770.61 million, significantly exceeded the RM272.14 million achieved in the financial year ended 31 December 2023 ("**FYE 2023**"). Haily's revenue for the FYE 2024 was also the third consecutive record-high revenue registered by our Group at RM320.85 million.

REVIEW OF OPERATIONS AND BUSINESS STRATEGIES

Our Group is principally involved in building construction of residential and non-residential buildings. As a Grade 7 main contractor registered with the Construction Industry Development Board Malaysia, our Group is responsible for the total project construction including the external built-environment covering civil works and infrastructure within the project area, as well as the physical buildings. Residential buildings consist of single and multi-dwelling buildings while non-residential buildings consist of commercial, purpose-built, industrial and institutional buildings. Other segment of our Group's activities include civil engineering construction works, rental of construction machinery and equipment, and agricultural activities of managing and harvesting of durian and other fruits.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF OPERATIONS AND BUSINESS STRATEGIES CONT'D

TOTAL CONTRACT VALUE	
RM770.61 MILLION	(FROM 17 PROJECTS AWARDED TO OUR GROUP IN THE FYE 2024)
RM2.00 BILLION	(FROM TOTAL OF 103 BUILDING CONSTRUCTION PROJECTS COMPLETED BY OUR GROUP SINCE 2008 UP TO 21 MARCH 2025)
TOTAL ORDER BOOK	
RM633.05 MILLION	(FROM 23 ON-GOING PROJECTS UNDERTAKEN BY OUR GROUP AS AT 21 MARCH 2025)

During the FYE 2024, our Group secured 12 building construction projects and 5 civil engineering construction works with total contract value of RM763.86 million and RM6.75 million respectively. We have a proven track record as an experienced building contractor, demonstrated by the total of 103 building construction projects completed as at 21 March 2025 with a total contract value of RM2.00 billion since 2008.

Our Group's revenue for the financial year ending 31 December 2025 ("FYE 2025") would be supported by a healthy order book of approximately RM633.05 million from a total of 23 on-going projects as at 21 March 2025, which is expected to be progressively completed between 2025 and 2026.

Our Group continues to lean on our competitive advantages and key strengths, namely:

- (i) Our established track record as an experienced building contractor in Johor;
- (ii) Our track record in providing quality construction works;
- (iii) Our ability to carry out building construction projects as a main contractor;
- (iv) Our experienced Executive Directors ("EDs") and key senior management; and
- (v) Our Group's on-going projects which will sustain us for the near term.

Our Group will continue to focus on our core competency in building construction in Johor, as supported by our track record of more than 17 years since the commencement of our business operations in 2008. While our on-going projects are mainly focused in the districts of Johor Bahru, Kulai, Pontian and Kluang, all in Johor, we will continue to leverage on our experience and extend our reach to other districts in Johor and focus on construction projects involving residential, commercial and industrial buildings. Our Group will continue to tender for projects located at other districts in Johor, should the opportunities arise. Moving forward, our Group expects its performance to be continuously driven by our ability to successfully complete the on-going construction projects.

REVIEW OF FINANCIAL PERFORMANCE

Our Group's revenue is derived from 2 segments, namely the building construction and the others segments. The building construction segment comprises building construction activities of residential and non-residential buildings. The others segment is comprised of the civil engineering construction works, rental of construction machinery and equipment and agricultural activities of managing and harvesting of durian and other fruits.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

The following table illustrates the comparison of financial highlights of our Group for the FYE 2024 and FYE 2023:

	FYE 2024 RM'000	FYE 2023 RM'000	Changes RM'000	%
FINANCIAL RESULTS				
<u>Financial Indicators</u>				
Revenue	320,845	295,577	25,268	8.55
Gross profit ("GP")	30,886	26,306	4,580	17.41
Profit before taxation ("PBT")	12,270	10,377	1,893	18.24
Profit after taxation ("PAT")	8,659	7,352	1,307	17.78
Profit attributable to owners of the Company	8,659	7,352	1,307	17.78
<u>Financial Ratios</u>				
GP margin (%)	9.63	8.90	0.73	8.20
PBT margin (%)	3.82	3.51	0.31	8.83
PAT margin (%)	2.70	2.49	0.21	8.43
Basic and Diluted Earnings per Share ^{(1) (3)} (sen)	2.29	2.06	0.23	11.17
Dividend per Share ⁽²⁾ (sen)	0.69	0.62	0.07	11.29
Weighted average number of ordinary shares in issue ⁽³⁾ ('000)	378,755	356,641	22,114	6.20
FINANCIAL POSITION				
<u>Financial Indicators</u>				
Total assets	232,423	186,032	46,391	24.94
Total liabilities	124,075	100,116	23,959	23.93
Net assets ("NA")	108,349	85,916	22,433	26.11
Net current assets	98,501	77,350	21,151	27.34
Borrowings	13,852	8,063	5,789	71.80
Cash and cash equivalents	18,078	9,009	9,069	100.67
<u>Financial Ratios</u>				
Current ratio	1.82	1.79	0.03	1.68
Gearing (times)	0.13	0.09	0.04	44.44
NA per Share ⁽⁴⁾ (sen)	25.61	48.18	(22.57)	(46.85)

Notes:

- (1) Basic earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year. Diluted earnings per share are calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Diluted earnings per share are not presented as the warrants are anti-dilutive where the average market price during the financial year does not exceed the exercise price of the warrants.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

Notes: CONT'D

- (2) Dividend per share is calculated based on the dividends declared and distributed by the Company for the FYE 2023 and FYE 2024 of RM2.21 million and RM2.61 million respectively divided by the weighted average number of ordinary shares in issue during the respective financial years.
- (3) The weighted average number of ordinary shares in issue for the FYE 2023 have been adjusted to reflect the bonus issue which was completed on 13 September 2024.
- (4) NA per share is calculated based on the net assets divided by the Company's issued share capital as at 31 December 2024 of 423,005,400 shares (31 December 2023: 178,320,700 shares).

For the FYE 2024, our Group's revenue was mainly attributable to our building construction activities which contributed 99.48% of our Group's total revenue. Our Group's segment breakdown for revenue for the FYE 2024 and FYE 2023 are as follows:

	FYE 2024		FYE 2023		Changes	
	RM'000	%	RM'000	%	RM'000	%
Building construction	315,984	99.48	294,018	99.47	21,966	7.47
Others	4,861	0.52	1,559	0.53	3,302	211.80
Total	320,845	100.00	295,577	100.00	25,268	8.55

For the FYE 2024, our Group reported a higher revenue of RM320.85 million, representing an increase of RM25.27 million or 8.55% as compared to RM295.58 million registered for the FYE 2023. The increase in revenue was mainly attributable to the increase in revenue recognised from our Group's building construction segment which increased from RM294.02 million for the FYE 2023 to RM315.98 million for the FYE 2024, representing an increase of RM21.96 million or 7.47%. Our Group's others segment also reported increase in revenue from RM1.56 million registered for the FYE 2023 to RM4.86 million achieved for the FYE 2024, representing an increase of RM3.30 million or 211.80% mainly due to the higher revenue contribution from the agricultural activities as well as the increase in percentage of completion recognised from the civil engineering construction works.

The increase in revenue from the building construction segment arose mainly from the following on-going building construction projects undertaken by the Group subsequent to the FYE 2023 which contributed to revenue for the FYE 2024 of approximately RM131.20 million: -

- (i) 76 DSCH Taman Impian Emas Project of RM18.65 million,
- (ii) 120 DSCH Bandar Putra Project of RM21.03 million,
- (iii) M Tiara Show Village 1A Project of RM2.07 million,
- (iv) 220 DSTH Bandar Jaya Putra Project of RM23.20 million,
- (v) 332 DSTH Gelang Patah Project of RM34.35 million,
- (vi) 171 DSLH Kews Senibong Project of RM7.37 million,
- (vii) 223 DSTH M Tiara – Parcels 1A & 1B Project of RM14.13 million,
- (viii) Sales Gallery 2 Bandar Jaya Putra Project of RM1.28 million,
- (ix) 393 DSTH Meridin East – Parcels 4A3, 4A4 & 4A5 Project of RM7.95 million, and
- (x) 198 DSTH Permas Jaya Project of RM1.17 million.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

In addition, the increase in revenue for the building construction segment is also attributed to the increase in percentage of completion recognised in the FYE 2024 in relation to our Group's on-going construction projects totalling approximately RM93.60 million, namely: -

- (i) 283 DSTH Meridin East - Parcel 1C Project which reported an increase in revenue from RM22.17 million for the FYE 2023 to RM26.59 million for the FYE 2024, representing an increase of RM4.42 million or 19.94%;
- (ii) 262 DSTH Gelang Patah Project which reported an increase in revenue from RM24.15 million for the FYE 2023 to RM40.09 million for the FYE 2024, representing an increase of RM15.94 million or 66.00%;
- (iii) 186 SSTH Bandar Putra Project which reported an increase in revenue from RM15.20 million for the FYE 2023 to RM17.26 million for the FYE 2024, representing an increase of RM2.06 million or 13.55%;
- (iv) 170 DSCH Taman Mutiara Maju Project which reported an increase in revenue from RM12.46 million for the FYE 2023 to RM38.19 million for the FYE 2024, representing an increase of RM25.73 million or 206.50%; and
- (v) 327 DSTH Meridin East – Parcel 2G Project which reported an increase in revenue from RM2.28 million for the FYE 2023 to RM47.73 million for the FYE 2024, representing an increase of RM45.45 million or 1,993.42%.

The increase in revenue above was offset by the decrease in revenue totalling approximately RM202.77 million due to the reduction in percentage of completion recognised in the FYE 2024 for our Group's completed and on-going building construction projects, namely: -

- (i) Bandar Jaya Putra Project which reported a decrease in revenue by RM2.81 million as the project was completed in July 2023;
- (ii) 122 DSTH Bandar Putra Project which reported a decrease in revenue by RM1.35 million as the project was completed in April 2023;
- (iii) 147 DSTV Aurora Sentral Project which reported a decrease in revenue from RM29.13 million in the FYE 2023 to RM1.33 million in the FYE 2024, representing a decrease of RM27.80 million as the project was completed in July 2024 and also due to the reduced percentage of completion recognised during the financial year under review;
- (iv) Aurora Sentral Clubhouse Project which reported a decrease in revenue from RM5.15 million in the FYE 2023 to RM1.05 million in the FYE 2024, representing a decrease of RM4.10 million as the project was completed in July 2024 and also due to the reduced percentage of completion recognised during the financial year under review;
- (v) 217 DSTH Mutiara Maju Project which reported a decrease in revenue by RM10.92 million as the project was completed in December 2023;
- (vi) 206 DSTH Gelang Patah Project which reported a decrease in revenue from RM22.16 million in the FYE 2023 to RM0.30 million in the FYE 2024, representing a decrease of RM21.86 million as the project was completed in January 2024 and also due to the reduced percentage of completion recognised during the financial year under review;
- (vii) 159 SSTH Taman Impian Emas Project which reported a decrease in revenue by RM6.64 million as the project was completed in November 2023;
- (viii) 66 DSTH Kluang Project which reported a decrease in revenue by RM13.97 million as the project was completed in January 2024 and also due to the reduced percentage of completion recognised during the financial year under review;

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

- (ix) 155 DSTH Meridin East - Parcel 2H1 Project which reported a decrease in revenue by RM10.88 million as the project was completed in October 2023;
- (x) 176 SSTH Taman Impian Emas Project which reported a decrease in revenue from RM13.79 million in the FYE 2023 to RM0.15 million in the FYE 2024, representing a decrease of RM13.64 million as the project was completed in March 2024 and also due to the reduced percentage of completion recognised during the financial year under review;
- (xi) 216 STH Bandar Putra Project which reported a decrease in revenue by RM3.34 million as the project was completed in July 2023;
- (xii) 99 TSSO Bandar Jaya Putra Project which reported a decrease in revenue from RM30.94 million in the FYE 2023 to a deficit of RM0.67 million in the FYE 2024, representing a decrease of RM31.61 million as the project was completed in November 2024 and also due to the reduced percentage of completion recognised as well as the adjustment to the project's contract sum during finalisation of account during the financial year under review;
- (xiii) 121 DSTV Aurora Sentral Project which reported a decrease in revenue from RM24.57 million in the FYE 2023 to RM1.14 million in the FYE 2024, representing a decrease of RM23.43 million as the project was completed in July 2024 and also due to the reduced percentage of completion recognised during the financial year under review;
- (xiv) 108 DSTH Meridin East - Parcel 2H3 Project which reported a decrease in revenue from RM13.77 million in the FYE 2023 to RM0.26 million in the FYE 2024, representing a decrease of RM13.51 million as the project was completed in August 2024 and also due to the reduced percentage of completion recognised during the financial year under review; and
- (xv) 77 TSSO Bandar Jaya Putra Project which reported a decrease in revenue from RM26.16 million in the FYE 2023 to RM9.24 million in the FYE 2024, representing a decrease of RM16.92 million or 64.68% due to the reduced percentage of completion recognised during the financial year under review.

Our Group reported a higher GP margin of 9.63% for the FYE 2024 as compared to 8.90% registered for the FYE 2023. The improvement in the GP margin was mainly due to the positive impacts of mitigating actions taken by our Group after the escalation in building construction costs arising from hikes in prices of building construction materials as well as increase in cost of hiring of foreign labours that occurred during the FYE 2023. In line with the increase in revenue as well as the higher GP margin as explained above, our Group reported a higher GP of RM30.89 million for the FYE 2024, representing an increase of RM4.58 million or 17.41% as compared to the GP of RM26.31 million registered for the FYE 2023.

Consequently, PBT increased from RM10.38 million for the FYE 2023 to RM12.27 million for the FYE 2024, representing an increase of RM1.89 million or 18.24%. As compared to the PAT of RM7.35 million for the FYE 2023, our Group registered a PAT of RM8.66 million for the FYE 2024, representing an increase of RM1.31 million or 17.78%.

Our Group's total assets increased from RM186.03 million as at 31 December 2023 to RM232.42 million as at 31 December 2024, representing an increase of RM46.39 million or 24.94%. This was mainly due to the increase in trade and other receivables by RM15.55 million from RM94.06 million as at 31 December 2023 to RM109.61 million as at 31 December 2024. This was in line with the increase in revenue recognised for the FYE 2024 as well as the collections from the amounts due from customers. Cash and short-term deposits also increased by RM14.79 million from RM15.41 million as at 31 December 2023 to RM30.20 million as at 31 December 2024 owing mainly to proceeds raised from the issuance of ordinary shares pursuant to the private placement and exercise of warrants during the FYE 2024. In addition to the above, contract assets increased by RM13.43 million from RM65.66 million as at 31 December 2023 to RM79.09 million as at 31 December 2024. The increase in the contract assets mainly arose from the progress of our Group's on-going construction projects.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

REVIEW OF FINANCIAL PERFORMANCE CONT'D

Our Group's total liabilities increased from RM100.12 million as at 31 December 2023 to RM124.08 million as at 31 December 2024, representing an increase of RM23.96 million or 23.93%. This was mainly due to the increase in the trade and other payables by RM18.04 million from RM90.70 million as at 31 December 2023 to RM108.74 million as at 31 December 2024. This was in line with the increase in the cost of sales from RM269.27 million for the FYE 2023 to RM289.96 million for the FYE 2024 as well as the payment made for the amounts due to the sub-contractors and suppliers. Our Group's borrowings also increased from RM8.06 million as at 31 December 2023 to RM13.85 million as at 31 December 2024, representing an increase of RM5.79 million mainly due to drawdown of loan facilities to finance our Group's working capital for our on-going construction projects. Our Group's gearing ratio remained at a healthy level with a minor increase from 0.09 times as at 31 December 2023 to 0.13 times as at 31 December 2024.

Our Group's NA improved from RM85.92 million as at 31 December 2023 to RM108.35 million as at 31 December 2024, representing an increase of RM22.43 million or 26.11%. The increase arose from the proceeds raised from the issuance of ordinary shares pursuant to the private placement and the exercise of warrants totalling RM16.20 million as well as the PAT registered by our Group for the FYE 2024 of RM8.66 million and after the payment of dividends totalling RM2.43 million during the financial year under review.

A summary of our Group's cash flow position for the FYE 2024 and FYE 2023 is illustrated below:

	FYE 2024 RM'000	FYE 2023 RM'000
Net cash from/ (used in) operating activities	846	(4,707)
Net cash used in investing activities	(4,118)	(4,090)
Net cash from/ (used in) financing activities	12,341	(2,048)
Net increase/ (decrease) in cash and cash equivalents	9,069	(10,845)
Cash and cash equivalents at the beginning of the financial year	9,009	19,854
Cash and cash equivalents at the end of the financial year	18,078	9,009

During the FYE 2024, our Group recorded net cash flow generated from its operating activities of RM0.85 million as compared to RM4.71 million net cash used in operating activities in the preceding FYE 2023. Our Group's net cash used in investing activities increased marginally from RM4.09 million for the FYE 2023 to RM4.12 million for the FYE 2024. In respect of our Group's financing activities, we recorded net cash flow generated of RM12.34 million for the FYE 2024 as compared to net cash used of RM2.05 million for the FYE 2023 which arose mainly from the proceeds raised from the issuance of ordinary shares pursuant to the private placement and exercise of warrants. Resulting therefrom, our Group's net increase in cash and cash equivalents for the FYE 2024 was RM9.07 million. As at the date of this report, our Board and management have no plans or commitment for any major capital expenditure which would have a significant effect on the future cash flows.

Our Group's net current asset position for the financial year under review remains healthy and showed an improvement from RM77.35 million as at 31 December 2023 to RM98.50 million as at 31 December 2024, representing an increase of RM21.15 million or 27.34%. Based on the above, our Board believes that our Group has sufficient working capital resources for our existing and foreseeable requirements for the remaining period of the FYE 2025.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

KEY RISK FACTORS

(i) The continuity of increasing our order book is not assured and any significant decline in our order book will adversely affect our long-term sustainability and growth

Our principal business is in the construction of residential and non-residential buildings. As the nature of our construction business is project-based, there is no assurance that we are able to continuously secure new projects, nor any assurance that new projects secured will be on commercial terms favourable to us. In our industry, it is common for jobs to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure. There is a risk we may not be able to secure every contract that we tender for. Our financial performance depends on our ability to secure new projects to sustain our order book. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential and future financial performance.

During the FYE 2024, our Group secured 17 new contracts with a total contract value of RM770.61 million. As at 21 March 2025, our total unbilled order book of our on-going construction projects is RM633.05 million and our Group expects that the unbilled order book to be progressively recognised in the FYE 2025 and financial year ending 31 December 2026 ("FYE 2026").

Our order book is subject to unexpected project cancellations or scope adjustments which may occur from time to time. There can be no assurance that our current order book can be continually maintained at such level in the future and there can also be no certainty that projects from our order book will not be delayed or terminated and we may face a situation of delays in securing new contracts. Any delay, cancellation or reduction in the contract value or scope of work for the projects secured in our order book, will reduce the value of our order book and revenues to be generated thereafter, which in turn may affect our long-term sustainability and business growth as well as the future financial performance of our Group.

(ii) Our business and financial performance may be affected if there are delays in completion of projects

Construction projects are subject to certain timelines and budgets. Any delays in the timeline of a project will usually result in project cost overruns, attract negative publicity and result in legal uncertainties such as potential liquidated damages claims from our customers. The timely completion of projects undertaken by us is dependent on many external factors inherent in the construction industry including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, equipment and labour, availability of financing and satisfactory performance of subcontractors appointed, unexpected soil conditions, safety and site condition, shortage of raw materials and labour, adverse weather conditions and adverse changes to government policies (e.g. change in foreign labour policies). Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing liquidated damages on us that could affect our profitability and cash flows.

(iii) We are dependent on the services and quality of our subcontractors' and our consultants' works

We usually engage subcontractors to carry out different parts of our construction activities such as building works, mechanical and electrical works, external and fencing work as well as specialised trade work such as, painting and coating, roofing, waterproofing, landscaping and infrastructure works. We may also engage third party consultants to carry out specialist work scopes such as structural designs and surveying works for our projects. Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of quotations submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon negotiation of pricing, scope of works and the bills of quantities, we will issue letters of award to the subcontractors.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

KEY RISK FACTORS CONT'D

(iii) We are dependent on the services and quality of our subcontractors' and our consultants' works
CONT'D

We are subject to risks associated with non-performance, late performance and poor performance by our subcontractors. If our subcontractors or consultants fail to perform their duties, or are unable to deliver their services in a timely manner, or deliver substandard work to us, we may be subject to defects liability claims from our customers, or liquidated damages arising from delay in completion of our projects. Any faults in the technical or design standards by our third-party consultants may also cause material delay or interruption to the implementation and completion of our projects. We may be susceptible to risks of our customers claiming against our performance bond (if any), or legal liabilities arising from such defects or substandard works.

(iv) Shortages of construction materials, fluctuation in construction material prices and any unanticipated increases in costs associated with our construction projects may impair our financial performance

Shortages of construction materials and any increase in the cost of construction for our projects may have a material adverse impact on our business and financial performance. Our construction materials consist mainly of concrete and cement materials, steel-based materials, brickwork materials and tiles, timber and plywood, doors, windows and other related construction materials required in our construction activities. Thus, we are dependent on the continuous supply of such materials which are sourced from suppliers in Malaysia.

Our construction materials are price sensitive, and we face the risk of obtaining sufficient quantities of construction materials at competitive prices. Our construction materials such as steel and cement materials are subject to global market price fluctuations and if such materials are imported by our suppliers, will be subject to foreign currency fluctuations. Furthermore, contracts with our customers generally do not cater for such price fluctuations of construction materials, as such, we are exposed to the risk of price fluctuations.

In view of the above, our cash flows and profitability are dependent on our ability to accurately estimate the cost associated with our projects, which are dependent on a variety of factors, amongst others, such as conditions at the construction sites, contagious diseases, cost of construction materials and labour and delay in the availability of financing. These variations may cause actual gross profit for a project to differ from those original estimates which may result, in certain contracts having lower profit margins than anticipated or losses if actual contract exceeds its estimates, and thereafter, would reduce our profitability, cash flows, liquidity and impact our financial performance negatively.

(v) We depend on our key senior management for our continued success

We believe that our continued and future success largely depends on our continued ability to hire, develop, motivate and retain qualified personnel such as our EDs and key senior management for their experience, expertise and efforts to support our business activities and provision of quality construction projects to our customers. Having an experienced key management team is vital to maintain the quality of our construction projects whilst retaining the business confidence of our customers. If we lose the services of our EDs and/or key senior management, and are unable to find suitable and timely replacements, our business performance and prospects will be materially and adversely affected.

The loss of any of our EDs and/or key senior management and the ensuing impact arising from transition in key senior management functions or discontinuity in knowledge transfer, could have a material adverse effect on our business operations, performance and prospects.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

KEY RISK FACTORS CONT'D

(vi) Geographical concentration in the districts of Johor Bahru, Kulai, Pontian and Kluang in Johor

Since commencement of our business in 2008, our building construction projects were focused in the districts of Johor Bahru, Kulai, Pontian and Kluang, all in Johor. We will continue to carry out building construction jobs in Johor supported by our track record of more than 17 years. As at 21 March 2025, our total unbilled order book of our on-going construction projects is RM633.05 million and our Group expects that the unbilled order book to be progressively recognised in the FYE 2025 and FYE 2026.

We are currently focusing on geographical growth and expansion in the state of Johor. While we believe that there are still significant opportunities to grow our construction business in Johor, we may be exposed to a slowdown in our target market in the Johor state. Further, although we intend to expand our coverage to reach other districts in Johor, there is no assurance that our new ventures will be profitable and contribute to the growth of our construction business.

PROSPECTS AND OUTLOOK

“For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending” (Source: Bank Negara Malaysia’s Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024).

“Summarising the performance of the Construction work done in 2024, the sector reached RM158.8 billion, marking a double-digit growth of 20.2 per cent compared to 8.4 per cent in the previous year. All sub-sectors experience an uptrend, with notable double-digit increases recorded in Special trade activities (35.9%), Residential buildings (24.5%) and Non-residential buildings (15.5%). Meanwhile, Civil engineering activities maintained steady double-digit growth at 17.3 per cent (Q3 2024: 15.7%). Overall, Malaysia’s construction sector in 2024 demonstrated a solid performance, underpinned by broad-based growth across all sub-sectors” (Source: Department of Statistics Malaysia’s Quarterly Construction Statistics, Fourth Quarter 2024).

“The construction sector is forecast to register a growth of 9.4% in 2025, largely driven by the acceleration of strategic infrastructure projects. The sector is expected to benefit particularly from civil engineering activities such as Light Rail Transit 3 (LRT3) Phase 2 and Sarawak-Sabah Link Road Phase 2. Similarly, the non-residential buildings subsector is projected to expand further, supported by strong demand for industrial facilities from the realisation of approved investments, coupled with the development of new industrial areas such as the Kerian Integrated Green Industrial Park (KIGIP) and Johor-Singapore Special Economic Zone (JS-SEZ). Furthermore, the residential buildings subsector is anticipated to expand, driven by sustained demand for affordable housing as underlined by the Ekonomi MADANI framework, alongside new development projects by the private sector” (Source: Economic Outlook 2025, Ministry of Finance Malaysia).

Premised on the outlook as set out above, our Group is cautiously optimistic of the continuing demand for our provision of building construction of residential and non-residential buildings for the FYE 2025 after having considered the positive outlook of the construction sector.

Our Group will continue to focus on our core competency in building construction in Johor, as supported by our track record of more than 17 years since the commencement of our business operations in 2008. While our Group’s on-going projects are mainly focussed in the districts of Johor Bahru, Kulai, Pontian and Kluang, all in Johor, we will continue to leverage on our experience and extend our reach to other districts in Johor and focus on construction projects involving residential, commercial and industrial buildings. Our Group will continue to tender for projects located at other districts in Johor, should the opportunities arise. Moving forward, we expect our performance to be continuously driven by our ability to successfully complete the on-going construction projects.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

PROSPECTS AND OUTLOOK CONT'D

Our Board is cognisant of our Group's exposure to the risk factors as mentioned above. The Board further notes that the Malaysian's construction sector is expected to register growth in 2025.

Our Group has been continuously seeking for new opportunities to secure new construction projects. Based on our existing order book, we view positively on our prospects for the coming year as we anticipate that the Malaysian economy will continue to recover despite the on-going uncertainties in the global economy and political affairs. Our Group remains steadfast and resolute to take full advantage of this. We are cautiously optimistic that our financial results for the FYE 2025 will be favourable.

DIVIDENDS

For the FYE 2024, our Company has declared the following: -

- First interim single tier dividend of 0.31 sen per ordinary share on 28 August 2024 amounted to RM1.22 million which was paid on 11 October 2024 to members whose names appear in the Record of Depositors as at 18 September 2024; and
- Second interim single tier dividend of 0.33 sen per ordinary share on 26 March 2025 amounting to RM1.40 million which will be payable on 16 May 2025 to members whose names appear in the Record of Depositors as at 21 April 2025.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, we would like to convey our sincere thanks to all our shareholders, esteemed customers, bankers, sub-contractors, suppliers as well as the other business partners and associates. Our success would not have been possible without their continuous support and confidence in Haily Group.

In closing, I would like to extend my profound appreciation to my fellow colleagues on the Board for their valued contributions. Lastly but certainly not the least, I would like to record my gratitude to the management team and all the employees of the Haily Group for their continuous perseverance and unrelenting efforts and commitment in ensuring the success of our Group.

Yoong Woei Yeh
CEO and Executive Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Haily is honoured to present our annual Sustainability Statement (“**Statement**”) for 2024 which highlights our progress in addressing each of our material matters. We are committed to a better future through responsible practices, clear objectives, and efficient operations.

Reporting Period, Scope and Basis of Scope

The reporting period encompasses Haily’s sustainability initiatives across all entities and operations in Malaysia from 1 January 2024 to 31 December 2024, unless stated otherwise. This Statement highlights our progress in meeting the commitments outlined in our Sustainability Policy.

Reporting Guidelines, Frameworks and Standards

This Statement is prepared in accordance with the Bursa Securities’ ACE Market Listing Requirements (“**ACE LR**”), with reference to Bursa Securities’ Sustainability Reporting Guide 3rd Edition), Malaysian Code on Corporate Governance (“**MCCG**”) of the Securities Commission Malaysia, United Nations Sustainable Development Goals (“**UNSDGs**”), Task Force on Climate-related Financial Disclosures (“**TCFD**”) Recommendations and International Financial Reporting Standards (“**IFRS**”) Foundation – IFRS Sustainability Disclosure Standards (S1 and S2 Principles) and several international reporting frameworks, standards and sustainability-related indices such as follows:

Reporting Frameworks

- National Sustainability Reporting Framework (“**NSRF**”)*
- International Integrated Reporting Framework and Integrated Thinking Principles

International Standards and Guidelines

- AA1000 AccountAbility Principles
- AA1000 Stakeholder Engagement Standard
- International Workshop Agreements (“**IWA**”)
 - o IWA 48:2024 – Framework for Implementing Environmental, Social and Governance (“**ESG**”) Principles
 - o IWA 42:2022 – Net Zero Guidelines
- International Organisation for Standardisation (“**ISO**”)
 - o ISO 14064:2018 – Greenhouse Gases
 - o ISO 20400:2017 – Sustainable Procurement – Guidance
 - o ISO 59004:2024 – Circular Economy – Vocabulary, Principles, and Guidance for Implementation
 - o ISO 59020:2024 – Circular Economy – Measuring and Assessing Circularity Performance

*Note on NSRF:

The NSRF sets out Malaysia’s approach to adopting the IFRS® Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board (“**ISSB**”). The NSRF aims to ensure consistent, comparable, and reliable sustainability reporting, enhancing Malaysia’s competitiveness and investor confidence.

Implementation will be phased from 2025 onwards, with full adoption, including Scope 1 and Scope 2 greenhouse gas (“**GHG**”) emissions disclosures, by 2027 for larger entities. The framework also outlines the development of assurance requirements to strengthen the credibility of sustainability disclosures.

The illustration below shows the timeline and applicable entities for the NSRF, which guides the phased adoption of IFRS S1 and S2 Sustainability Disclosure Standards in Malaysia.

SUSTAINABILITY STATEMENT CONT'D

ABOUT THIS STATEMENT CONT'D

Reporting Guidelines, Frameworks and Standards CONT'D

Implementation of the NSRF

Applicable entities		Timeline ²					
		2025	2026	2027	2028	2029	2030
Group 1	Main Market listed issuers with market capitalisation of RM2 billion and above	IFRS S1 and S2			Full adoption IFRS S1 and S2 Scope 3 GHG emissions disclosures		
Group 2	Main Market listed issuers (other than listed issuers in Group 1)		IFRS S1 and S2		Full adoption IFRS S1 and S2 Scope 3 GHG emissions disclosures		
Group 3	<ul style="list-style-type: none"> ACE Market listed issuers Non-listed companies (NLCos) with annual revenue of RM2 billion and above³ 			IFRS S1 and S2			Full adoption IFRS S1 and S2 Scope 3 GHG emissions disclosures
Assurance		<ul style="list-style-type: none"> Aim for reasonable assurance for Scope 1 and Scope 2 GHG emissions starting 2027 Accounting and non-accounting practitioners 					
Location of disclosures and timing of reporting		Applicable entities shall adhere to their respective regulator's requirements on location and timing of reporting.					

Reliefs and exemptions to facilitate adoption

Additional transition reliefs commencing from the first annual reporting period of the respective applicable entities	Group 1 & 2	Group 3	Large NLCos whose holding company: <ul style="list-style-type: none">• already reports using ISSB-aligned standards or equivalent standards such as the European Sustainability Reporting Standards (ESRS)⁴ may leverage on the holding company's sustainability- and climate-related disclosures.• reports using other international standards and frameworks may be given exemption from reporting for three reporting periods, subject to the policy decision of the Registrar.
<ul style="list-style-type: none">● Permissible to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2)	2 years	3 years	
<ul style="list-style-type: none">● Permissible to focus climate-related disclosures specifically on principal business segments			
<ul style="list-style-type: none">● Permissible to not disclose Scope 3 emissions, except for categories already required by respective regulators			

Board of Directors' Approval

The Board has reviewed and approved this Statement, confirming it accurately reflects Haily's performance for the year. The Board takes responsibility for its integrity, supported by strong governance and internal reporting processes.

Independent Assurance

The performance data presented in this Statement have been primarily sourced from our Group's internal information systems and original records to ensure their accuracy. Our Group did not seek external assurance for this Statement but instead relied on internal management's verification to ensure the accuracy of the data.

Forward-looking Statements

This Statement includes forward-looking statements to share our perspectives and future plans with the stakeholders. These statements are not guarantees of Haily's future outcomes and readers are advised not to place undue reliance on them.

SUSTAINABILITY STATEMENT CONT'D

ABOUT THIS STATEMENT CONT'D

Reporting Guidelines, Frameworks and Standards CONT'D

Feedback

We value feedback from our stakeholders as we continuously work to improve and contribute to a more sustainable future. For any comments or information or inquiries, please contact us at: sustainability@haily.com.my

SUSTAINABILITY STRATEGY

Sustainability Governance

At Haily, sustainable growth is anchored in strong corporate governance. Our governance framework seamlessly integrates strategic objectives with sustainability initiatives, ensuring a responsible and forward-looking approach to business. Our Board plays a central role in embedding sustainability across our operations by setting sustainability targets, overseeing implementation, managing enterprise risks and ensuring robust internal controls. To reinforce governance, we have established board committees, such as the Audit and Risk Management Committee (“**ARMC**”), which ensures effective risk management and financial oversight; the Remuneration Committee (“**RC**”), which aligns remuneration policies with performance and governance principles and the Nominating Committee (“**NC**”), which oversees board composition and succession planning.

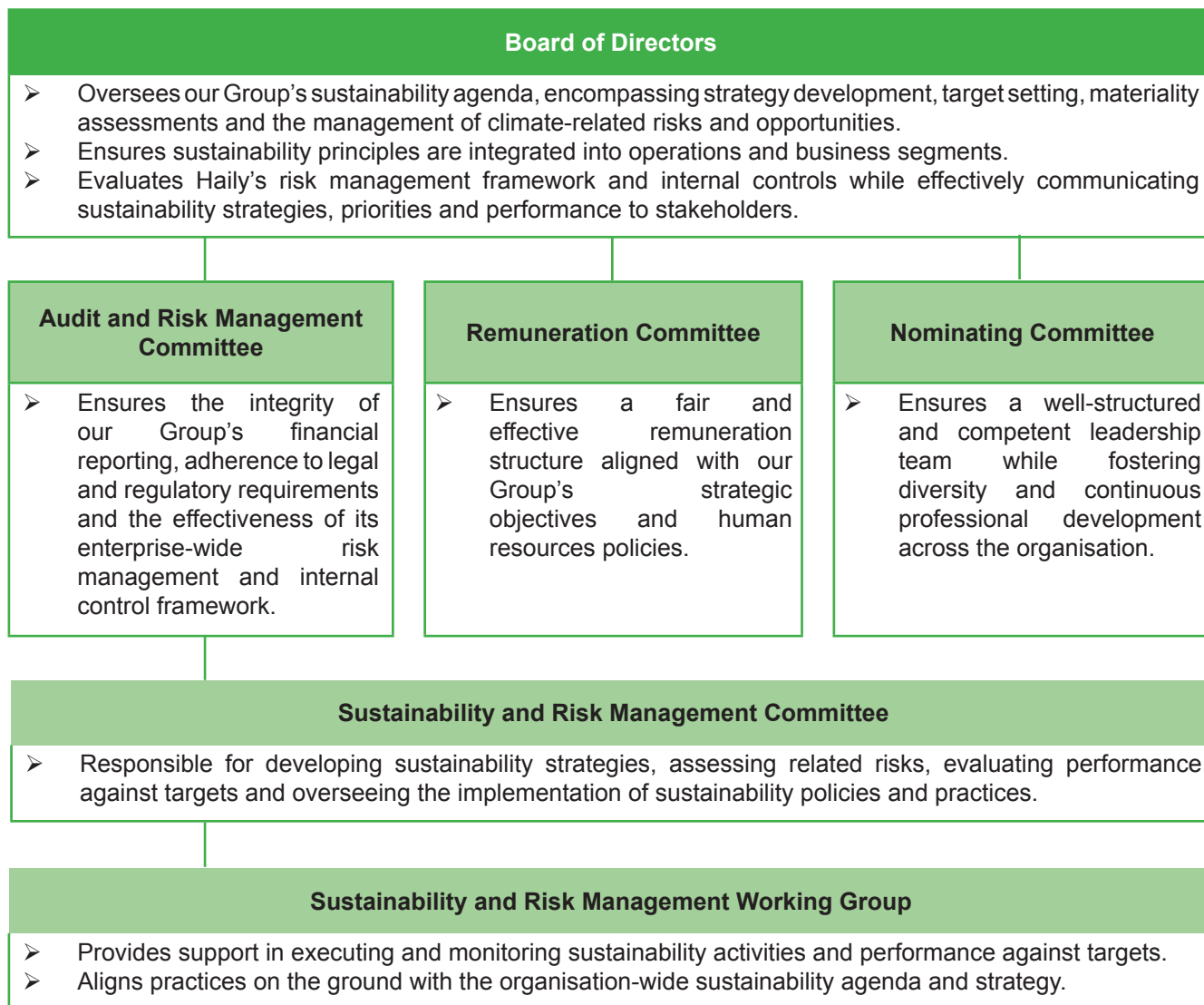
In line with the MCCG, we have also established a Sustainability and Risk Management Committee (“**SRMC**”). The SRMC, jointly led by our CEO and an ED and is further supported by our key senior management and heads of department, is responsible for developing sustainability strategies aligned with our Group’s agenda, identifying and mitigating sustainability-related risks and monitoring performance while assessing the impact of the policies. The SRMC reports periodically to the ARMC, providing sustainability and risk assessments alongside recommendations for continuous improvement. Through this integrated governance structure, we uphold transparency, accountability and strategic alignment, ensuring that sustainability remains at the core of our business strategy while delivering enduring value to all stakeholders.

Under the purview of the SRMC is the Sustainability and Risk Management Working Group (“**SRMWG**”), represented by members from the middle management across various departments. SRMWG is responsible for the day-to-day implementation of the organisation’s strategies and plans.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Sustainability Governance CONT'D



Stakeholder Engagement

Haily prioritises active and transparent communication with stakeholders, ensuring we understand their concerns and collaborate on effective solutions. We acknowledge the diverse groups impacted by our operations, i.e. the customers; employees; suppliers; shareholders, financiers and investors; government agencies and regulators and the local communities. We value their feedback as a key driver for continuous improvement and new opportunities.

In today's dynamic business environment, stakeholder engagement is integral to our sustainability journey. We recognise that our success is closely linked to the perspectives of those who contribute to our growth, rely on our services and share our commitment to a sustainable future.

To strengthen our relationships and build a resilient business, we foster open communication through various formal and informal channels. Regular engagement enables us to address concerns, gather valuable insights and respond proactively to stakeholder needs.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Stakeholder Engagement CONT'D

The following table outlines Haily's key stakeholders, along with the engagement methods and channels that we use to facilitate meaningful interactions.

Key Stakeholders	Areas of Concern/ Interest	Engagement Approach	Our Responses
Customers	<ul style="list-style-type: none"> Product quality, safety and compliance Customer service and experience 	<ul style="list-style-type: none"> Reliable and high-quality products and services 	<ul style="list-style-type: none"> Adhere to stringent quality and safety standards (i.e. ISO 9001:2015, QCLASSIC, CONQUAS, SHASSIC) Adhere to the Personal Data Protection Act ("PDPA") 2010
Employees	<ul style="list-style-type: none"> Health and safety Welfare and remuneration Workplace diversity Training and career development Value equal opportunities 	<ul style="list-style-type: none"> Performance appraisal Management and staff meetings Annual/monthly staffs' events Training programmes Internal communication channels (i.e. memorandum, WhatsApp messaging and etc.) 	<ul style="list-style-type: none"> Encourage transparent communication with employees Ensure equal employment opportunities for all individuals without discrimination Provide reasonable benefits and remuneration package
Suppliers (Subcontractors and Suppliers of Building Materials)	<ul style="list-style-type: none"> Transparent procurement practices Efficient procurement processes Payment schedule Health and safety of subcontractors' workers 	<ul style="list-style-type: none"> Periodic performance evaluations 	<ul style="list-style-type: none"> Prioritise the establishment of transparent procurement processes Ensures subcontractors' compliance with the health and safety policies and procedures
Shareholders, Financiers and Investors	<ul style="list-style-type: none"> Financial performance Business strategies and future plans Shareholder value Corporate governance Corporate developments 	<ul style="list-style-type: none"> Annual reports Annual and extraordinary general meetings Financial reporting Corporate website Company announcements Press releases Investors / analysts' briefings Bankers' meeting 	<ul style="list-style-type: none"> Provide timely updates on our Group's strategies and financial performances via press releases, investor briefings and announcements Uphold good governance practices across our Group and supply chain
Government Agencies and Regulators	<ul style="list-style-type: none"> Governance compliance Environment management and compliance Fair labour practices Policy matters (public, health and safety) Anti-bribery 	<ul style="list-style-type: none"> Annual reports Participation in meetings and seminars Public announcements Inspection/audit by local authorities Anti-bribery commitment 	<ul style="list-style-type: none"> Full compliance with regulatory requirements Adoption of practices outlined in the MCCG and Anti-bribery practices
Local Communities	<ul style="list-style-type: none"> Impact of business operation Social issue Community welfare and continued livelihood 	<ul style="list-style-type: none"> Community impact programmes Meetings / visits to promote relationship and engagement 	<ul style="list-style-type: none"> Investing in welfare activities to enhance community well-being

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Material Matters and Materiality Matrix

As an organisation, we are cognisant of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. Our material matters influence our business strategy and decision on allocation of resources to material sustainability issues.

Our commitment to sustainability is anchored in the development of a comprehensive materiality matrix, which serves as a strategic framework for identifying and prioritising key sustainability matters that impact our business and stakeholders. This process involves a thorough assessment of the industry trends, technological advancements, evolving global and local sustainability concerns to ensure that our initiatives remain relevant, forward-thinking and impactful. By systematically mapping these findings onto our materiality matrix, we effectively determine the relative importance and significance of each issue.

To enhance this approach, we have adopted the IFRS Foundation's International Integrated Reporting Framework and Integrated Thinking Principles, enabling us to navigate the evolving business landscape with a structured and holistic perspective. The incorporation of the Six Capitals Model further strengthens our ability to translate sustainability performance into financial value while aligning our strategies, policies and practices with global standards, including the UNSDGs. These Six Capitals, namely financial, manufactured, governance, human, social and natural, which represent the essential drivers of long-term value creation for our Group and stakeholders.

By integrating the Six Capitals Model into our materiality assessment, we reinforce our commitment to a well-rounded and forward-looking sustainability strategy. This approach allows us to assess the interconnected impacts and dependencies across various capital dimensions, ensuring that our sustainability priorities align with stakeholder expectations and business objectives. Through this structured methodology, we enhance our capacity for integrated thinking, create measurable value and drive meaningful, long-term progress in sustainability.

Level of Stakeholder Concerns	Impact on Business Operations		
	Low	Medium	High
	High	F1 – Economic Performance	M2 – Sustainable Supply Chain Management G1 – Anti-Corruption H1 – Health and Safety
	Medium	M1 – Cybersecurity and Data Protection H2 – Employee Management H3 – Diversity and Inclusion E3 – Water Management	M3 – Product Quality and Safety Management E1 – Climate Change (Energy Management) E2 – Waste Management
	Low	S1 – Contributing to Local Communities/Corporate Social Responsibility (“CSR”)	
Legend: Low Risk Medium Risk High Risk			

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Material Matters and Materiality Matrix CONT'D

The material matters are then mapped into the Six Capitals as follows:

Capitals	Aspects	Material Matters
Financial Funds available for our Group's working capital requirements from the internal operations and internal/external financing sources	Financial Highlight Resources to support our Group's operations and to implement other Capitals	F1 – Economic Performance
Manufactured Creating value through innovation and product quality and compliance	Marketplace Implementing sustainability through product quality and compliance	M1 – Cybersecurity and Data Protection
		M2 – Sustainable Supply Chain Management
		M3 – Product Quality and Safety Management
Governance Good governance and robust internal control system and procedures	Governance Board engagement on strategy and sound governance of internal controls to enhance sustainability initiatives	G1 – Anti-corruption
Human Skills, motivation, and alignment with our organisational goals	Workplace Creating a safe and supportive working environment, training and self-development	H1 – Health and Safety
		H2 – Employee Management
		H3 – Diversity and Inclusion
Social Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence and its social license to operate	Community Contributing to local community development	S1 – Contributing to Local Communities/CSR
Natural Renewable and non-renewable natural elements and the eco-system, used as inputs by our Group now or in the past or future, and the impacts from our Group's operations on them	Environment Improving our environment by utilising greener alternatives	E1 – Climate Change (Energy Management)
		E2 – Waste Management
		E3 – Water Management

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters

Financial Highlight

Resources to support our Group's operations and to implement other Capitals

Economic Performance

The economic performance of a company is a key driver of its overall sustainability and long-term success. Through its business activities, a company contributes to economic growth by creating positive impacts such as job creation, tax contributions and the provision of products and services that enhance community well-being.

Haily is committed to maintaining financial resilience by managing its assets effectively and ensuring fair value distribution among our stakeholders. Recognising that a strong financial performance is essential for generating lasting value, our Group remains dedicated to integrating sustainability into our business strategy. By fostering sustainable economic practices, Haily aims to drive growth, create shared prosperity and make a meaningful impact on our stakeholders and the wider community.

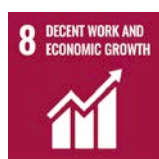
Our approach and performance

For the FYE 2024, our Group reported revenue and other incomes totalling RM321.74 million, reflecting our strong market presence and commitment to delivering value to our stakeholders. While we recognise the ever-evolving market landscape, we remain proactive in identifying emerging trends and meeting diverse consumer needs.

Despite anticipated challenges, our strategic approach to property rollouts and market adaptability positions us for sustained growth. Through careful planning and proactive measures, we have not only strengthened our resilience but also capitalised on opportunities for expansion. Moving forward, we are confident in our ability to navigate market dynamics while continuously driving value creation and long-term success.

	2024 RM'000
Economic value generated (e.g., revenue, interest income, and other income)	321,741
Economic value distributed:	
• Cost of sales	289,959
• Administrative expenses	18,865
• Payment to government (e.g. tax)	3,612
• Finance costs	646
Economic value retained	8,659

Related UNSDGs:



SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Marketplace

Implementing sustainability through product quality and compliance

Cybersecurity and Data Protection

The rapid expansion of digital infrastructure in recent years has heightened cybersecurity vulnerabilities. Recognising that digital technologies bring both opportunities and challenges, especially in remote work, e-commerce and automation, Haily prioritises the protection of customer data against cyber threats. Through the implementation of strong security measures, our Group strives to minimise risks and maintain stakeholders' confidence.

Our approach and performance

Our Group remains committed to proactively managing cybersecurity risks, despite the absence of significant threats to our operations. To enhance network security, we have implemented the Fortinet firewall, which serves as a critical defence against cyberattacks and potential security risks. Additionally, all our employees, including new hires, are required to sign a PDPA Notice, acknowledging their responsibility to comply with data protection regulations.

These measures demonstrate our Group's dedication to regulatory compliance and safeguarding sensitive information. As of 31 December 2024, there were zero substantiated complaints concerning customer privacy breaches or data loss.

	2024
Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	0

Related UNSDGs:



Sustainable Supply Chain Management

Haily is committed to building a sustainable and ethical supply chain by working closely with our suppliers and embedding responsible procurement practices at every stage. Recognising the vital role of a resilient and sustainable supply chain in our operations, we integrate sustainability considerations into our procurement processes to mitigate social and governance risks while upholding strong governance principles. Similarly, we remain dedicated to promoting responsible sourcing and strengthening supply chain resilience through sustainability-driven procurement strategies. We also prioritise supporting local businesses, fostering economic growth and creating opportunities for the communities in which we operate. By sourcing from local suppliers, we contribute to their development and enhance their livelihoods, reinforcing our commitment to sustainable business practices.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Sustainable Supply Chain Management CONT'D

Our approach and performance

Our Group's supply chain is designed to uphold efficiency, flexibility, and reliability, with a strong emphasis on fostering long-term partnerships with trusted suppliers. To ensure consistency in quality and compliance, we carefully evaluate suppliers based on key criteria such as financial stability, adherence to regulatory and ethical standards and commitment to quality assurance. By maintaining regular communication, conducting periodic assessments and aligning on shared objectives, we strengthen these relationships and enhance overall supply chain performance.

To mitigate risks and improve resilience, we diversify our supplier base, implement robust risk management strategies and develop contingency plans to minimise potential disruptions. While we prioritise sourcing locally to support economic growth and reduce transportation risks, our procurement decisions also consider critical factors such as cost, quality and availability.

A key aspect of our procurement strategy is due diligence, which involves a thorough assessment of potential suppliers before entering into business agreements. This process ensures that suppliers are reliable, capable and aligned with our Group's standards, ultimately reducing risks and ensuring high-quality outcomes. Our due diligence process is as follows:

Supplier Credentials

Financial Stability : Assessing a supplier's financial health to ensure that they are capable of fulfilling their contractual obligations.

Legal Compliance : Verifying their adherence to labour laws, environmental regulations and industry standards.

Reputation : Evaluating past performance, conducts customers' references and reviews any legal or compliance issues.



Quality Assurance

Examining quality control processes, certifications and production capabilities through audits and site visits.



Risk Assessment

Identifying financial, operational and geopolitical risks to prevent supply chain disruptions.



Verification of Documents

Ensuring the legitimacy of suppliers by reviewing business licenses, Suruhanjaya Syarikat Malaysia (SSM)'s documentation and other relevant records.



Contract and Compliance Review

Examining contracts to ensure legal protection, transparency and alignment with our Group's policies.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Sustainable Supply Chain Management CONT'D

Our approach and performance CONT'D

By integrating rigorous due diligence into our procurement processes, our Group minimises supply chain risks while maintaining high standards of quality, compliance and reliability. This structured approach not only strengthens our supply chain but also reinforces our commitment to responsible and sustainable sourcing practices.

	2024
Proportion of spending on local suppliers (%)	100

Related UNSDGs:



Product Quality and Safety Management

Haily is deeply committed to upholding exceptional standards of product quality, recognising it as a fundamental pillar of value creation and sustainable business growth. Our unwavering dedication to industry-leading quality has led to numerous positive outcomes, including enhanced customer satisfaction, strengthened market position, an elevated reputation, effective risk management and a highly skilled workforce driven by excellence. By continuously refining our processes and adhering to the highest standards, we aim to deliver superior construction quality that meets and exceeds stakeholder expectations.

Our approach and performance

At Haily, we are committed to maintaining the highest industry standards, ensuring excellence across all aspects of our operations. Our dedication to quality and performance has earned us prestigious accolades, reinforcing our reputation as a trusted and reliable industry player.

To uphold these standards, we have obtained the ISO 9001:2015 Quality Management System certification, demonstrating our commitment to rigorous quality control. Additionally, we are recognised by the Building and Construction Authority (“BCA”) Singapore for CONQUAS certification (BCA Construction Quality Assessment System). We also hold the SHASSIC certification from the Construction Industry Development Board Malaysia (“CIDB”).

During the FYE 2024, our achievements were further recognised when we were honoured with the “Top 7 Contractors” and “Best Project Contractor Performance for Landed Development” awards at the Mah Sing Contractors’ Awards & Appreciation Night. These recognitions reflect our unwavering commitment to delivering high-quality construction projects that exceed industry expectations.

Furthermore, we secured two QCLASSIC certifications from the Construction Research Institute of Malaysia (“CREAM”) for our construction projects. QCLASSIC (Quality Assessment System in Construction) provides a structured grading system to evaluate workmanship, reaffirming our focus on superior craftsmanship, compliance with regulatory standards and continuous quality improvement.

Looking ahead, we remain committed to strengthening our reputation for excellence by continuously enhancing our construction practices, embracing innovation and striving for greater achievements in the industry.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Product Quality and Safety Management CONT'D

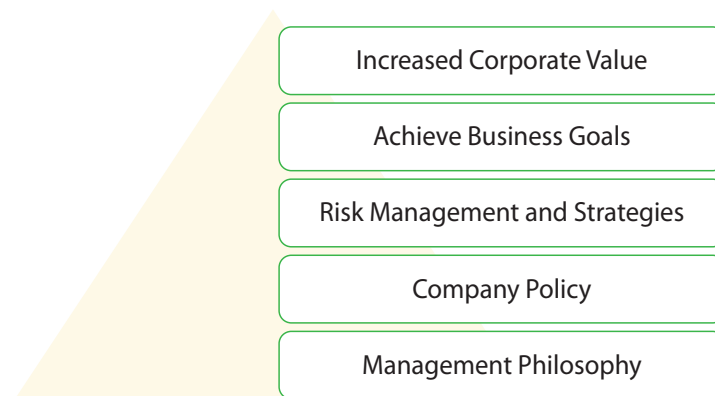
Our approach and performance CONT'D

Related UNSDGs:



Governance

Board engagement on strategy and sound governance internal controls to enhance sustainability initiatives



Anti-Corruption

Haily remains committed to strong corporate governance by upholding ethical business practices and ensuring compliance with regulatory requirements. Our Board places great emphasis on maintaining a comprehensive risk management framework and internal control system in line with the MCCG 2021. By fostering transparency in sustainability-related disclosures, we aim to strengthen accountability, enhance stakeholder confidence and build lasting trust with our customers, investors and the wider community.

Our approach and performance

We are dedicated to upholding the highest standards of ethics and integrity in our business operations. We maintain a zero-tolerance policy against fraud, bribery, corruption, money laundering, and insider trading. Our Anti-bribery and Anti-corruption (“ABAC”) Policy serves as a fundamental framework for promoting transparency and ethical governance. To ensure its continued effectiveness, the policy is regularly reviewed and updated, with employees briefed on any revisions, while all new hires receive formal training during their induction program.

Employee Category	Completion Rate (%)
	2024
Management	100
Executive	100
Non-executive/Technical Staff	100
General Workers	100

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Anti-Corruption CONT'D

Our approach and performance CONT'D

Beyond the ABAC Policy, we uphold ethical business practices through our Code of Conduct and Business Ethics Policy, which sets clear principles and expectations for all employees. Additionally, our Whistle Blowing Policy reinforces our governance framework by providing a secure channel for employees and stakeholders to report their concerns, if any. To ensure accessibility and transparency, these policies are available on our corporate website. Reports can be submitted via email to designated Board representatives, with full assurance of whistleblower protection.

As of 31 December 2024, Haily recorded zero incidents of corruption across its business operations. We remain committed to preventing unethical practices by continuously strengthening our risk assessment and mitigation strategies. Through proactive governance and ongoing enhancements, we strive to uphold the highest ethical standards, ensuring the integrity and long-term sustainability of our business. While no data was recorded on operations assessed for corruption-related risks in the FYE 2024, we remain vigilant and are focused on improving our data monitoring and due diligence processes in the coming years.

	2024
Number of confirmed corruption incidents	0
Percentage of operations assessed for corruption-related risks (%)**	0

** In 2024, the percentage of operations assessed for corruption-related risks was 0%, as the formal corruption risk assessment framework was under review and enhancement. Recognising this gap, Haily is committed to strengthening its corruption risk assessment process in 2025 by finalising the enhanced framework, expanding coverage across operations, and updating the corresponding statistics accordingly.

Related UNSDGs:



Workplace

Creating a safe and supportive working environment, training and self-development

Health and Safety

The well-being of our employees is our highest priority. We are dedicated to fostering a safe and healthy work environment to prevent injuries and illnesses. By prioritising workplace safety, we not only protect our employees but also enhance overall efficiency and productivity.

Our approach and performance

Haily is steadfast in its commitment to fostering a safe, secure and healthy workplace for all employees. To uphold this commitment, we have established a dedicated Health and Safety Committee alongside an Emergency Response Team, composed of trained personnel responsible for implementing and monitoring robust safety measures across the organisation. Their proactive oversight ensures that employees can perform their duties with confidence, knowing that their well-being remains a top priority.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Health and Safety CONT'D

Our approach and performance CONT'D

Anchored in our Health, Safety and Environmental Policy, we prioritise the safe execution of all business operations while minimising our environmental footprint. This approach reflects our unwavering dedication to sustainable progress, employee welfare and the well-being of the communities in which we operate.

To ensure our workforce remains well-informed about workplace safety requirements, we conduct regular training sessions on health and safety best practices. Additionally, daily toolbox meetings are conducted by trained supervisory staff before work begins on-site, covering critical topics such as environmental regulations, safety protocols and risk mitigation strategies. These initiatives reinforce a strong culture of safety awareness and responsibility throughout the organisation.

	2024
Number of employees trained on health and safety standards	25

In the FYE 2024, we recorded a lost-time incident rate of 0.24. However, this figure is based on total hours worked for several construction projects and may not fully represent our overall performance. To enhance accuracy, we will refine our data collection and reporting processes, with the aim of disclosing a more precise figure in the FYE 2025. Our commitment remains steadfast in maintaining a low incident rate, ensuring that every employee returns home safely at the end of each workday. By continuously enhancing our safety measures and fostering a proactive safety culture, we strive to create a workplace that prioritises both employee well-being and operational excellence.

	2024
Total hours worked – Employee & Contractor	3,294,932
Number of work-related fatalities	0
Number of lost time injuries	4
Lost time incident rate	0.24

Related UNSDGs:



Employee Management

Our Group values employees as the cornerstone of our sustained growth and success. We are committed to fostering a supportive and empowering work environment that prioritises employee well-being and satisfaction. Our approach focuses on attracting, developing and retaining top talent while providing opportunities for continuous learning and professional growth. Through strategic investments in development programs, we equip our workforce with the skills and knowledge needed to stay competitive, innovative and future-ready.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Employee Management CONT'D

Our approach and performance

Our Group is committed to fostering a workplace that promotes equal access to training, development opportunities, fair remuneration and robust performance management systems. We actively encourage employee engagement and initiatives, recognising their vital role in enhancing productivity and driving continuous workplace improvement.

- **Training and Development**

We firmly believe that investing in workforce development is essential for attracting and retaining top talent, driving business growth and enhancing financial performance. As a Group, we are committed to prioritising human capital by continuously investing in employee training to support career development and align with evolving business needs. Our goal is to provide a well-rounded training experience that empowers employees to reach their full potential and acquire the necessary skills for effective performance.

To ensure employees possess the required skill sets, we facilitate regular communication between employees and their superiors. These discussions help identify individual training needs, allowing the superiors to assess skills, determine areas for improvement and collaborate with the human resources department to enrol the employees in relevant training programmes. Additionally, we take a targeted approach to skill development by evaluating employees' daily tasks and challenges. This enables us to identify skill gaps and design tailored training initiatives that enhance efficiency and productivity.

In the FYE 2024, we invested RM0.13 million in employee training, covering a broad range of programmes aimed at strengthening workforce capabilities. Moving forward, we will continue ensuring that all employees receive relevant training to enhance their skills, providing ongoing support to help them advance in their careers and achieve higher levels of performance and competency.

No.	Training Programmes
1	Managing Poor Performance – Implementation of Performance Improvement Plan ("PIP")
2	Occupational Safety and Health ("OSH") Set Up at The Workplace (Sustainable OSH Management)
3	Taxing The Digital Economy & E-Invoicing
4	Project Delay Analysis and Extension of Time Application
5	Road Safety Heroes (Road Traffic Safety Management)
6	Basic Occupational First Aid, Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED")
7	Occupational Safety and Health - 60 Minutes Converse & Manage Electronic Scheduled Waste Information System ("E-SWIS")
8	Emergency Response Team/ <i>Pasukan Keselamatan Kebakaran</i>
9	Enterprise Management Training
10	Navigation Occupational Safety in Malaysia ("NOSiM")
11	Qlassic Awareness
12	1-Day Team Building Programme

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Employee Management CONT'D

Our approach and performance CONT'D

- **Training and Development** CONT'D

No.	Training Programmes
13	Mandatory Accreditation Programme Part II: Leading for Impact ("LIP")
14	Microsoft Excel 2019 - Intermediate
15	Comprehensive Permit to Work (PTW) & Contractor Safety Management
16	Microsoft Project - Beginner & Intermediate
17	OSH Compliance in Construction Related Projects
18	E-invoicing Masterclass for Account Personnel
19	Minimum Transfer Pricing Documentation For SME
20	Occupational Health Conference ("OCHCON") 2024
21	Construction Claims & Disputes
22	<i>Seminar Pemerkasaan Kawalan Pengurusan Trafik di Kawasan Pembangunan Iskandar Puteri</i>
23	Microsoft Project
24	Understanding The Requirements of ISO 9001:2015 Quality Management System
25	Budget 2025 – Key Up and Changes for Corporate Accountants
26	<i>Hak Pekerja Menurut Seksyen 26a AKKP Pindaan 2022 (Bagaimana Ia Berfungsi)</i>
27	General Understanding of Section 17A of the Malaysian Anti-Corruption Commission Act 2009

Employee Category	Total Training Hours
	2024
Management	407
Executive	1,990
Non-executive/Technical Staff	75
General Workers	45

- **Remuneration Packages and Performance Management**

Our employees are the cornerstone of our Group's sustained growth and success. At Haily, we recognise the contributions of our new employees and ensure their performance is evaluated through structured appraisals. Performance appraisals are conducted for all new recruits upon confirmation of their employment, allowing the management to assess their performance, experience and qualifications in making remuneration review decisions.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Employee Management CONT'D

Our approach and performance CONT'D

- **Remuneration Packages and Performance Management** CONT'D

Committed to employees' well-being, our Group upholds industry best practices in employment terms by offering a comprehensive benefits package. This includes annual leave, maternity and paternity leave, hospitalisation and medical leave, medical claims, various allowances, and other essential benefits. These initiatives underscore our dedication to fostering a supportive and inclusive work environment that values and prioritises the well-being of our employees.

In the FYE 2024, we recorded a total employee turnover of 38, reflecting the dynamic nature of our workforce. At the same time, we welcomed 37 new hires, demonstrating our ongoing efforts to attract and retain talent. This highlights our commitment to workforce sustainability, ensuring that we continue to bring in skilled professionals while maintaining operational stability. We remain dedicated to fostering an engaging and supportive work environment that encourages employee growth and long-term retention.

Employee Turnover (by Category)	2024
Management	0
Executive	35
Non-executive/Technical Staff	1
General Workers	2

- **Employee Engagement and Initiatives**

We place great emphasis on the well-being of our employees, understanding that a positive and dynamic workplace culture is fundamental to their satisfaction, engagement and overall productivity. By promoting a healthy work-life balance, we cultivate an environment where employees can flourish both personally and professionally.

To strengthen team camaraderie and enhance engagement, we actively organise various initiatives, including annual dinner, team-building activities, monthly staffs' birthday celebrations and festive celebrations such as Christmas gathering. These events serve as more than just moments of celebration. In fact, they are opportunities for employees to connect, collaborate and build lasting relationships beyond their daily responsibilities.



Team Building 2024

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Employee Management CONT'D

Our approach and performance CONT'D

- *Employee Engagement and Initiatives* CONT'D

Related UNSDGs:



Diversity & Inclusion

Our Group is dedicated to cultivating an inclusive workplace where diversity is embraced and discrimination has no place. We are committed to providing equal opportunities for all, regardless of race, gender, religion, age or disability. By fostering a culture of fairness, respect and inclusivity, we empower individuals to grow, contribute and succeed, ensuring every employee feels valued and supported in their professional journey.

Our approach and performance

We are committed to fostering an inclusive environment where employees, shareholders, customers, suppliers and competitors are treated with fairness and respect. By embracing diversity, we empower individuals from all backgrounds to contribute their unique perspectives and talents, driving collective success.

Our dedication to human rights is evident in our strong track record, with zero reported complaints of violations in the FYE 2024. This achievement reaffirms our unwavering commitment to upholding human rights standards, ensuring the dignity, well-being and fair treatment of all individuals connected to our operations.

	2024
Number of substantiated complaints concerning human rights violation	0

Looking ahead, we will continue to cultivate a workplace culture rooted in fairness, respect and inclusivity which are key pillars of our long-term success and positive societal impact. We are committed to fostering an environment where all employees have equal access to career growth and leadership opportunities, ensuring that talent and dedication are the driving forces of advancement. By embracing diversity and promoting equity, we strive to build a more inclusive and empowered workforce for the future.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Diversity & Inclusion CONT'D

Our approach and performance CONT'D

The charts showcase our Group's board diversity performance and workforce profile.

Group's Board Diversity

Total Directors of 9 in FY 2024

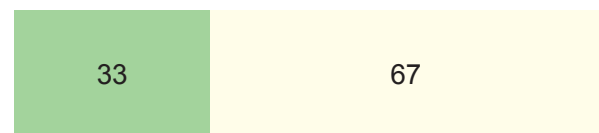
GENDER (%)

■ Male ■ Female



AGE (%)

■ Under 30 ■ Between 30-50 ■ Above 50



Workforce Profile

(based on total Employees of 183 as of 31 December 2024)

GENDER DIVERSITY (%)

■ Male ■ Female



AGE DIVERSITY (%)

■ Under 30 ■ Between 30-50 ■ Above 50



ETHNIC DIVERSITY (%)

■ Bumiputera ■ Chinese ■ Indian ■ Others



WORKFORCE DIVERSITY (%)

■ Full-times ■ Contractors/Temporary Staff



SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Diversity & Inclusion CONT'D

Our approach and performance CONT'D

Gender Diversity by Employee Category (%)

MANAGEMENT

■ Male ■ Female



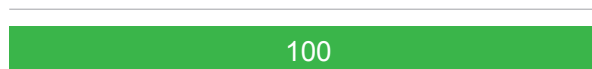
EXECUTIVE

■ Male ■ Female



NON-EXECUTIVE/ TECHNICAL STAFF

■ Male ■ Female



GENERAL WORKERS

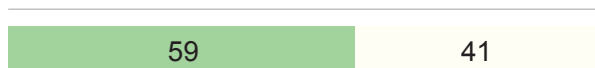
■ Male ■ Female



Age Diversity by Employee Category (%)

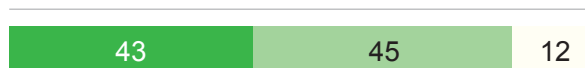
MANAGEMENT

■ Under 30 ■ Between 30-50 ■ Above 50



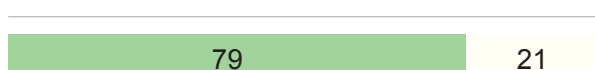
EXECUTIVE

■ Under 30 ■ Between 30-50 ■ Above 50



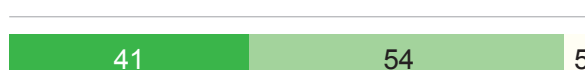
NON-EXECUTIVE/ TECHNICAL STAFF

■ Under 30 ■ Between 30-50 ■ Above 50



GENERAL WORKERS

■ Under 30 ■ Between 30-50 ■ Above 50



SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Diversity & Inclusion CONT'D

Our approach and performance CONT'D

Related UNSDGs:



Community

Contributing to local community development

Contributing to Local Communities/CSR

Haily recognises the vital role of strong business-community relationships in driving social inclusion and creating lasting positive impacts. We are deeply committed to engaging with the community through various initiatives and programmes that contribute to meaningful change. As we move forward, we eagerly participate in welfare-focused efforts designed to uplift local communities and empower the nation's future generation. Through these endeavours, we strive to foster a more inclusive and sustainable society while strengthening our connection with those we serve.

Our approach and performance

In the FYE 2024, our Group organised a school outreach programme, providing nutritional drinks to students and staffs as part of our commitment to promoting well-being. Additionally, we contributed RM3,000 to the school to enhance its facilities, reinforcing our dedication to supporting educational institutions. Beyond this initiative, we extended our support through donations for fundraising efforts, sponsorship of educational institution events such as sports t-shirts and convocations and contributions to community organisations. Our commitment to uplifting communities remains strong and we continue to explore new and meaningful ways to make a lasting impact.

	2024
Total amount invested in the community where the target beneficiaries are external to Haily (RM)	17,850
Total number of beneficiaries (institutions and organisations) of the investment in the communities	12

Related UNSDGs:



SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Environment

Improving our environment by utilising greener alternatives

Climate Change (Energy Management)

As a Group dedicated to environmental responsibility, we are committed to making a positive impact on the planet. Recognising the critical role of energy consumption and greenhouse gas emissions play in climate change, we strive to operate sustainably and responsibly. Our efforts focus on integrating environmental conservation into our business practices, ensuring long-term benefits for both present and future generations. We continuously implement and promote eco-friendly initiatives to reduce our carbon footprint while embracing opportunities that arise in the transition to a low-carbon economy.

Our approach and performance

Recognising the growing emphasis on climate change within the ESG frameworks, our Group remains committed to strengthening our environmental performance while ensuring full compliance with relevant environmental regulations. As part of this commitment, we have designated the FYE 2025 as the inaugural year for disclosing our scope emissions, with a focus on enhancing data accuracy and refining our data collection processes. Additionally, we have closely monitored our total energy consumption, which amounted to 998.16 MWh, reinforcing our dedication to transparent reporting and responsible resource management.

In support of the transition to green mobility, the Group has installed an electric vehicle (EV) charger at its Head Office and will continue with initiatives for environmental responsibility.

Total energy consumption	2024
Megawatts (MWh)	998.16

Related UNSDGs:



Waste Management

The construction industry in Malaysia generates approximately 8 million tonnes of waste annually, with 25,600 tonnes produced daily. This significant waste production contributes to resource depletion, soil degradation, and water contamination, highlighting the need for improved waste management and sustainable practices. As a Group dedicated to environmental sustainability, we acknowledge our role in mitigating these impacts by minimising waste generation and maximising material reuse. To achieve this, we have implemented a hierarchy-based waste management framework at the core of our circular economy initiatives, reinforcing our commitment to responsible resource management and a more sustainable future.

SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Waste Management CONT'D

Our approach and performance

Our primary objective is to minimise waste generation and establish a structured, efficient waste management system across our operations. To achieve this, we have adopted a hierarchy-based waste management framework, where construction waste is systematically sorted and classified before proceeding to the next stage of disposal or recycling. This structured approach ensures that materials are handled responsibly, reducing environmental impact and promoting resource efficiency.

As part of our sustainability commitment, we have adopted the use of aluminium formwork to replace the traditional timber formwork in construction activities for several of our building construction projects. This transition aims to introduce more environmentally friendly solutions by adopting reusable materials. Unlike timber, aluminium formwork is highly durable, recyclable and has a longer lifespan, significantly reducing the need for frequent replacements and repairs. By reducing reliance on timber, we also minimise construction waste, as timber formwork is often discarded after a single use. Given the advantages outlined above, we will be progressively widening the scope of usage for aluminium formwork in other construction projects.

Additionally, our waste management plan serves as a comprehensive guideline to standardise waste management practices across all project construction sites. It is designed to ensure that construction waste is effectively managed, reducing inefficiencies, enhancing site organisation and maintaining cleanliness and tidiness for a safer, more productive work environment. Furthermore, we are committed to integrating this waste management plan as a standard practice across all Haily workplaces, reinforcing our dedication to sustainability and operational excellence. By implementing these measures, we strive to lead the way in responsible construction practices, enhancing environmental stewardship while continuously improving our waste management processes.

	2024
Waste diverted from disposal (MT)	340
Waste directed to disposal (MT)	16,681
Total waste generated (MT)	17,021

Additionally, we have adopted a structured approach through our Environmental Management Plan, ensuring that sustainability remains a key focus in our operations. Our commitment to environmental compliance is reflected in our continuous efforts to conduct environmental quality monitoring, ensuring that all parameters remain within acceptable limits. We also engaged an external Environmental Officer to oversee the effective implementation of mitigation measures at our project construction sites. Additionally, we hold weekly meetings to address environmental concerns, enabling proactive decision-making and continuous improvement. As we strive to further reduce waste generation, we remain committed to exploring innovative solutions that align with our sustainability goals.

Related UNSDGs:



SUSTAINABILITY STATEMENT CONT'D

SUSTAINABILITY STRATEGY CONT'D

Management Approach for Material Matters CONT'D

Water Management

We recognise that excessive water consumption can strain natural resources, disrupt ecosystems, and contribute to water pollution. While we have yet to implement significant water-saving initiatives, we are committed to adopting efficient water management practices in the years to come. By progressively integrating these measures into our operations, we aim to minimise our environmental footprint and contribute to the long-term sustainability of local water sources, ensuring their availability for future generations and the well-being of surrounding communities.

Our approach and performance

We are dedicated to strengthening our commitment to water conservation through the implementation of effective management practices that optimise usage and minimise waste. In addition, we will continue to educate and engage our employees on the importance of responsible water consumption, fostering a culture of sustainability within our organisation. Through these ongoing efforts, we aim to safeguard precious water resources, protect local ecosystems and support the well-being of the communities in which we operate.

	2024
Total volume of water used (Megalitres)	220

Related UNSDGs:



Transition Plan (Disclosure of Emissions Management)

As part of our ongoing sustainability journey, we are deeply committed to enhancing our monitoring and data tracking processes to uphold the highest standards of accuracy in our disclosures for the FYE 2025. Acknowledging the pressing challenges of climate change and the environmental impact of our operations, we recognise the necessity of refining our emissions data with precision. Our objective is to deliver transparent, reliable, and data-driven insights to our stakeholders, reinforcing our dedication to accountability and continuous improvement in sustainability practices.

SUSTAINABILITY STATEMENT CONT'D

PERFORMANCE DATA TABLE

Indicator	Unit	2024	Target
Bursa (Anti-Corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100	
Executive	Percentage	100	
Non-executive/Technical Staff	Percentage	100	
General Workers	Percentage	100	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	17,850	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12	
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0	
Management Between 30-50	Percentage	59	
Management Above 50	Percentage	41	
Executive Under 30	Percentage	43	
Executive Between 30-50	Percentage	45	
Executive Above 50	Percentage	12	
Non-executive/Technical Staff Under 30	Percentage	0	
Non-executive/Technical Staff Between 30-50	Percentage	79	
Non-executive/Technical Staff Above 50	Percentage	21	
General Workers Under 30	Percentage	41	
General Workers Between 30-50	Percentage	54	
General Workers Above 50	Percentage	5	
Gender Group by Employee Category			
Management Male	Percentage	86	
Management Female	Percentage	14	
Executive Male	Percentage	70	
Executive Female	Percentage	30	
Non-executive/Technical Staff Male	Percentage	100	
Non-executive/Technical Staff Female	Percentage	0	
General Workers Male	Percentage	97	
General Workers Female	Percentage	3	

SUSTAINABILITY STATEMENT CONT'D

PERFORMANCE DATA TABLE CONT'D

Indicator	Unit	2024	Target
Bursa (Diversity)			
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	56	
Female	Percentage	44	
Under 30	Percentage	0	
Between 30-50	Percentage	33	
Above 50	Percentage	67	
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	998	
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	Zero fatality annually
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.24	
Bursa C5(c) Number of employees trained on health and safety standards	Number	25	
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	407	
Executive	Hours	1,990	
Non-executive/Technical Staff	Hours	75	
General Workers	Hours	45	
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	31	
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	0	
Executive	Number	35	
Non-executive/Technical Staff	Number	1	
General Workers	Number	2	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	Zero substantiated complaints concerning human rights violations annually
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100	
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data

SUSTAINABILITY STATEMENT CONT'D

PERFORMANCE DATA TABLE CONT'D

Indicator	Unit	2024	Target
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	220	
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	17,021	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	340	
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	16,681	
Internal assurance	External assurance	No assurance	(*) Restated

LOOKING FORWARD

At Haily, we are committed to upholding transparency, integrity and ethical business practices in all aspects of our operations. Our Sustainability Statement serves as a key platform for engaging stakeholders and demonstrating our dedication to responsible and sustainable business growth.

To reinforce our commitment, we have established robust governance frameworks, including our Anti-bribery and Anti-corruption Policy and Whistle Blowing Policy. These policies reflect our firm stance against bribery, corruption, fraud, money laundering and insider trading, ensuring accountability and ethical conduct at every level of our organisation.

Looking ahead, we strive to create lasting value for our stakeholders while fostering a positive impact on both society and the environment. By integrating sustainability into our business strategies, we remain focused on driving responsible growth and contributing to a more sustainable future.

SUSTAINABILITY STATEMENT CONT'D

RELATIONSHIP WITH UNSDGS

Sustainable Development Goals		Main Activity	Detailed Information
	No Poverty	<ul style="list-style-type: none"> Implementation of ISO 9001 Providing equal work opportunities 	<ul style="list-style-type: none"> Marketplace Workplace
	Zero Hunger	<ul style="list-style-type: none"> Providing nutritional drinks to students and school staffs 	<ul style="list-style-type: none"> Community
	Good Health and Well-being	<ul style="list-style-type: none"> Safe working environment 	<ul style="list-style-type: none"> Workplace
	Quality Education	<ul style="list-style-type: none"> Training and development for employees 	<ul style="list-style-type: none"> Workplace
	Gender Equality	<ul style="list-style-type: none"> Employment policy of no discrimination 	<ul style="list-style-type: none"> Workplace
	Clean Water and Sanitation	<ul style="list-style-type: none"> Promoting water conservation 	<ul style="list-style-type: none"> Environment
	Affordable and Clean Energy	<ul style="list-style-type: none"> Installation of electric vehicle (EV) chargers 	<ul style="list-style-type: none"> Environment
	Decent Work and Economic Growth	<ul style="list-style-type: none"> Good management 	<ul style="list-style-type: none"> Financial Marketplace Workplace Community
	Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> Implementation of ISO 9001 	<ul style="list-style-type: none"> Marketplace
	Reducing Inequality	<ul style="list-style-type: none"> Employment policy of no discrimination 	<ul style="list-style-type: none"> Workplace
	Sustainable Cities and Communities	<ul style="list-style-type: none"> Implementation of pollution prevention initiatives 	<ul style="list-style-type: none"> Environment
	Responsible Consumption and Production	<ul style="list-style-type: none"> Implementation of ISO 9001 Promise to deliver safe and quality products 	<ul style="list-style-type: none"> Marketplace Environment
	Climate Action	<ul style="list-style-type: none"> Reduce energy consumption 	<ul style="list-style-type: none"> Environment
	Life Below Water	<ul style="list-style-type: none"> Implementation of ISO 9001 	<ul style="list-style-type: none"> Marketplace
	Life On Land	<ul style="list-style-type: none"> Product quality and safety management 	<ul style="list-style-type: none"> Marketplace
	Peace, Justice, and Strong Institutions	<ul style="list-style-type: none"> Anti-corruption, cybersecurity and data protection 	<ul style="list-style-type: none"> Marketplace Governance
	Partnerships for the Goals	<ul style="list-style-type: none"> Sustainability report initiative 	<ul style="list-style-type: none"> Looking Forward

SUSTAINABILITY STATEMENT CONT'D

TCFD-ALIGNED DISCLOSURES

(As recommended by IFRS S1 and IFRS S2, we can continue using the TCFD recommendations)

TCFD Recommendation	Haily Disclosure	Reference
Governance – Disclose the organisation’s governance around climate-related risks and opportunities		
a) Describe the Board’s oversight of climate - related risks and opportunities	<ul style="list-style-type: none"> • Risk management Climate change – Board’s skills and experience • Sustainability & Risk Management Committee – role and focus 	<ul style="list-style-type: none"> • Governance
b) Describe management’s role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> • Risk management Climate change – managing risk and opportunity • Sustainability & Risk Management Committee – role and focus in the FYE 2024 	<ul style="list-style-type: none"> • Governance • Supply Chain Management • Environment
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) • Climate change – managing risk and opportunity 	<ul style="list-style-type: none"> • Materiality Matrix
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) • Climate change – managing risk and opportunity 	<ul style="list-style-type: none"> • Materiality Matrix
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> • Climate change – Assessing the resilience of our strategic investment portfolio and core business process 	<ul style="list-style-type: none"> • Energy Management & Transition Plan
Risk management – Disclose how the organisation identifies, assesses and manages climate-related risks		
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • Risk management 	<ul style="list-style-type: none"> • Materiality Matrix
b) Describe the organisation’s processes for managing climate-related risks.	<ul style="list-style-type: none"> • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) 	<ul style="list-style-type: none"> • Materiality Matrix • Energy Management & Transition Plan
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation’s overall risk management.	<ul style="list-style-type: none"> • Risk management non-financial KPIs – sustainability KPIs • Risk management – Risk factors (climate change, greenhouse gas emissions and energy) 	<ul style="list-style-type: none"> • Materiality Matrix • Energy Management & Transition Plan

SUSTAINABILITY STATEMENT CONT'D

TCFD-ALIGNED DISCLOSURES CONT'D

(As recommended by IFRS S1 and IFRS S2, we can continue using the TCFD recommendations) CONT'D

TCFD Recommendation	Haily Disclosure	Reference
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability • KPIs Climate change – Operational emissions • Climate change – Scope 3 emissions 	<ul style="list-style-type: none"> • Energy Management & Transition Plan
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability KPIs • Climate change – operational emissions performance • Climate change – Scope 3 emissions performance Climate change data 	<ul style="list-style-type: none"> • Energy Management & Transition Plan
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> • Non-financial KPIs – sustainability KPIs • Climate change – operational emissions performance for the FYE 2024 performance outcomes 	<ul style="list-style-type: none"> • Energy Management & Transition Plan

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Haily is committed to ensure that the highest standards of corporate governance (“**CG**”) is observed and practiced throughout the Group as a fundamental part of discharging its duties and responsibilities in order to achieve the Group’s long-term objectives, protect and enhance shareholders’ value and safeguard the interests of stakeholders.

The Board views CG as a crucial and integral part of the Group’s long term sustainability initiatives.

This CG Overview Statement is prepared in compliance with the ACE LR of Bursa Securities which provides shareholders and investors with an overview of the application of the principles and the practices (“**CG Practices**”) as set out in the MCCG by the Company throughout the FYE 2024:

- a) Principle A: Board Leadership and Effectiveness;
- b) Principle B: Effective Audit and Risk Management; and
- c) Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement should be read together with the Corporate Governance Report 2024 (“**CG Report**”) of the Company which provides the details on how the Company has applied each CG Practice. Other than Practices 5.4 and 13.3, the Board is of the view that Haily has substantially applied the practices as recommended by the MCCG.

The CG Report is made available on the Company’s website at www.haily.my as well as via announcement on Bursa Securities’ website.

All references made to the Company’s website in this statement refers to www.haily.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Roles and Responsibilities of the Board

The roles and responsibilities of the Board, Chairman of the Board, EDs, CEO, Senior Independent Non-Executive Director, the members of the Board, the Board Committees, namely ARMC, NC and RC (collectively “**Committees**”), are set out in the Board Charter which is made available on the Company’s website.

All Directors are expected to act with utmost integrity, lead by example, keep abreast of their responsibilities as directors and of the conduct, business activities and development of the Company. The Board assumes ultimate accountability and responsibility for the stewardship of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The powers and duties of the Directors are as set out in the Constitution of the Company and as prescribed under Sub-division 3 of Division 2 of the Companies Act 2016 including those expounded under Guidance 1.1 of the MCCG.

The Board’s responsibilities in respect of the stewardship of the Group include providing strategic leadership and business direction, development and control of the Group, management oversight, initiatives to embrace the responsibilities listed in the MCCG as well as integration of sustainability consideration in the Group’s corporate strategy, governance and decision-making in order to achieve the Group’s long-term objectives, enhance shareholders’ value and safeguard the interests of stakeholders. While the Board sets the strategic plan and policies, the CEO who is supported by the EDs and assisted by the Senior Management of the Group is responsible for making and implementing operational and corporate decisions while the Independent Non-Executive Directors (“**INEDs**”) ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management’s assumptions and projections in safeguarding the interests of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Roles and Responsibilities of the Board CONT'D

The Board is also assisted by several Board Committees, namely the ARMC, NC and RC to assist in the execution of Board functions. The ARMC and the Board are further assisted by the SRMC (a Management level Committee) playing a pivotal oversight function as delegated by the Board. These Committees ensure greater focus, objectivity and independence in the deliberation of specific Board agendas. All Committees have written terms of reference which are available for reference on the Company's website. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The respective Chairman of these Committees would report to the Board during the Board meetings on significant and salient matters deliberated in the Committees.

Although the Board may delegate powers and responsibilities to these Committees, the Board retains ultimate accountability for discharging its duties.

The Board continuously upholds CG standards and values in the organisation and strives to lead by example in strengthening its competitiveness and instil investor confidence in the Group. In the discharge of its duties and responsibilities, the applicable CG Practices and guidances are embedded in the terms of reference of the respective Committee, the Board's Policies and the Board Charter which clearly delineate relevant matters including those reserved for the Board's approval, and those which the Board may delegate to the Committees, the CEO, the EDs and the Management.

The Board Charter as well as the following Policies and terms of references of the Committees are made available on the Company's website: -

Policies

- Anti-Bribery and Anti-Corruption Policy
- Board Corporate Disclosure Policy
- Board's Procedures for Appointment of Directors
- Code of Conduct and Business Ethics Policy
- Continuing Education Policy
- Diversity Policy
- Remuneration Policy
- Stakeholder Communications Policy
- Whistle-Blowing Policy
- Fit and Proper Person Policy

Terms of Reference

- Audit and Risk Management Committee
- Nominating Committee
- Remuneration Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Separation of Position of Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are distinct and separated to ensure a balance of power and authority. The Board is headed by Haji Mohd Jaffar Bin Awang (Ismail), who is the Independent Non-Executive Chairman while the CEO is Mr Young Woei Yeh.

The Chairman is responsible for leadership, governance, orderly conduct of the Board and ensuring the effectiveness of all aspects of its role. The Chairman represents the Board to the shareholders and acts as facilitator at the meetings of the Board and ensure that no Board member dominates the discussion, appropriate discussion takes place, relevant opinion among Board members is forthcoming and decisions are arrived after due consideration.

The CEO has the executive responsibility for the day-to-day operations of the Group's business and is responsible to implement the Group's policies, strategies and decisions adopted by the Board. The CEO shall be the head of the Management of the Group and reports to the Board.

The positions of the Chairman and the CEO are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman and CEO.

The details of these responsibilities are articulated in the Board Charter which is made available on the Company's website.

Qualified and Competent Company Secretaries

The Board is supported by two (2) External Company Secretaries, both qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and also registered as holders of the Practising Certificate issued by Suruhanjaya Syarikat Malaysia. Both the Company Secretaries are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regard to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the EDs assist the Chairman of the Board and Chairman of Board Committees to deal with the respective agendas and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.

The Company Secretaries attend all Board and Committee meetings and ensure the meetings are properly convened, deliberations and decisions made by the Board are accurately recorded and kept. The Company Secretaries attended relevant development and training programmes to enhance their abilities in discharging their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Board Meeting

A corporate calendar of all scheduled meetings and planned events for the coming financial year is furnished to all Directors and the Management by the Company Secretaries normally before the start of the financial year to aid and facilitate the Directors in scheduling and meeting their time commitments.

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the feasibility of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with the relevant information and explanations required for informed decisions to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, reports of the various Committees, corporate exercises and strategic financial and investment decisions. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

The Chairman ensures that the Committees meetings are not combined with the main Board meeting. Committee meetings are conducted separately from the Board meeting to enable objective and independent discussion during the respective Committee meetings.

The deliberations and decisions at Board and Committees meetings are well documented in the minutes. The Company Secretaries will circulate the draft minutes of meetings for the Board's and Board Committees' review in a timely manner and tabled for the confirmation in the subsequent meeting.

Access to Information and Advice

The Board has unrestricted access to all information within the Group and has the authority to seek any information they require from any employee of the Group and all employees must comply with such request. All Board members have direct access to the advices and services of the Company Secretary. The Board is constantly kept informed of various requirements and updates issued by various regulatory authorities. In addition, the Board may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense through an agreed procedure.

The Board is provided with relevant supporting information and data on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations and/or clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings. This information is circulated to the Board members at least seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively whilst highly sensitive corporate proposals are circulated during the meeting. Additionally, the Management is also invited to brief and provide additional information or clarification in meetings of the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Board Charter

The Board Charter is the primary document which clearly set out the roles and responsibilities of the Board, Chairman of the Board, EDs, Board Committees, CEO and individual Board members, taking into consideration all applicable laws, rules and regulations as well as the best practices. It serves as guidance to assist all Board members and outlines what is expected from them in terms of their commitment, roles and responsibilities in discharging their fiduciary duties and fulfilling their responsibilities as Board members. It serves as a reference and primary induction literature in providing Board members insight into the function of the Board of the Company. Board specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance and others are entrenched in the Company's Board Charter. It also serves as a reference in the annual assessment of the Board's performance, performance of its Committees, Chairman of Board Committees, INEDs and of its individual Directors.

The last review conducted by the Board on the Board Charter to ensure that it remains consistent with the Board's objectives and responsibilities was in February 2025.

The Company's Board Charter is made available on the Company's website.

Code of Conduct and Business Ethics

The Board has formalised a Code of Conduct and Business Ethics ("**the Code**"), setting out the standards of conduct expected from Directors and employees at executive level and above (referred to as "**employees**"). The Code sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their duties and responsibilities. The Board aims to ensure that all Directors and employees act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the Code which is made available on the Company's website and the last review conducted by the Board on the Code was in May 2024.

Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy ("**WBP**") which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.

The last review conducted by the Board on the WBP was in November 2023 and is made available on the Company's website.

This Policy is administered by the ARMC with the assistance of the Management and overseen by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

I. BOARD RESPONSIBILITIES CONT'D

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environmental, economic, social and governance aspects including climate-related risks and opportunities as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and its employees are set out in the Sustainability Statement in this Annual Report.

II. BOARD COMPOSITION

Haily is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of accounting, finance, taxation, business, construction and law. This enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board has no expertise, the Board is able to seek and engage professional advice to ensure that the Board is well informed before it arrives at any decisions. The current Board is drawn from different ethnic, cultural and socio-economic background with their age ranging from 30 years to 71 years to ensure that different viewpoints are considered in the decision making process.

As at the date of this statement, the Board has eight (8) members, comprising four (4) EDs (including the CEO) and four (4) INEDs (including the Chairman of the Board).

The current Directors of the Company as at the date of this statement are as follows -

Name of Directors	Gender	Directorate
Haji Mohd Jaffar Bin Awang (Ismail)	Male	Independent Non-Executive Chairman
See Tin Hai	Male	Executive Director
Yoong Woei Yeh	Male	CEO/Executive Director
See Swee Ling	Female	Executive Director
See Cul Wei	Female	Executive Director
Tan Sui Huat	Male	Senior Independent Non-Executive Director
Ong Kheng Swee	Male	Independent Non-Executive Director
Poh Boon Huwi	Female	Independent Non-Executive Director

This composition fulfils the requirements of Rule 15.02(1)(a) of the ACE LR of Bursa Securities which require at least two (2) directors or at least one third (1/3) of the Board members whichever is higher are independent directors as well as Practice 5.2 of the MCCG for at least half of the Board members comprising of independent directors.

Currently, three (3) members of the Board are of the female gender, which represents 37.5% of the Board's composition. This is in compliance with Rule 15.02(1)(b) of the ACE LR of Bursa Securities which requires at least one (1) woman director on the Board as well as Practice 5.9 of the MCCG for the Board to have at least 30% women Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Based on the results of the evaluation of the performance of the Board as a whole, the performance of the Board Committees and the performance of each individual Director, the NC and the Board are satisfied with the existing size, structure and composition, and are of the view that the current mix of skills, competence, knowledge and experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively and ensure accountability.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the ACE LR. The profile of each Director is set out in the Directors' Profiles of this Annual Report.

Independence of the Board

Having listed on the ACE Market since 21 July 2021, none of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at the date of this Statement.

The Board adopted the concept of independence in tandem with the definition of the Independent Directors under Paragraph 1.01 and Guidance Note 9 of the ACE LR of Bursa Securities.

The Independent Directors provide their independent view, unbiased judgment and knowledge to the management as well as safeguarding the interests of the shareholders and do not participate in the day-to-day management of the Group.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval.

All four (4) Independent Directors satisfy the independence test under the ACE LR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors constitute at least half of the current Board structure.

Appointment to the Board

The Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Directors of the Company conform with the Company's Fit and Proper Person Policy and that the Directors of the Company are comprised of those, who have the necessary skills, competencies, commitment, character, integrity and experience to complement the efficiency and effectiveness of the Board as a whole.

The Board's Fit and Proper Person Policy and procedures for appointments to the Board are viewed as a vital component of the governance process in determining the composition, size, balance, competencies and ultimately the quality and integrity of the Board.

The Company has formal and transparent procedures established for the appointment of new director(s) to the Board. The procedures for the appointment of new director(s) is made available on the Company's website.

The NC is responsible for assessing and recommending suitable candidate(s) for directorship to the Board, leveraging on several sources such as recommendation from existing Board members, Senior Management, substantial shareholders, business associates and referrals from third party consultants and independent sources such as professional bodies and organisation to gain access to wide pool of potential candidates, based on the profile and background of the candidate(s).

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Appointment to the Board CONT'D

The NC is mindful of the importance of succession planning for the members of the Board and Senior Management including formalising its stand and approach to boardroom diversity. The NC will where practicable, maintain a database of suitable and potential candidate(s) for meeting the roles identified.

Re-election of Directors

The re-election of Directors provides an opportunity for shareholders to renew their mandates conferred to the Directors.

Clause 133 of the Company's Constitution provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Whereas Clause 118 of the Company's Constitution provides that any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election.

The Director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

The above provisions are adhered to by the Board. Information on Directors standing for re-election are outlined in the Profile of Directors. These include their age, gender, date of appointment, directorate, details of any board committee, directorships in other public companies and listed companies, qualification, working experience, and any conflict of interest as well as their shareholdings in the Company is set forth in the Directors' Profiles and the Analysis of Shareholdings while their attendance of the Board meetings are set forth in the CG Overview Statement of this Annual Report.

At the forthcoming 5th AGM, Haji Mohd Jaffar Bin Awang (Ismail), Ms See Swee Ling and Ms See Cul Wei are due to retire by rotation under Clause 133 of the Company's Constitution and being eligible have offered themselves for re-election.

Following the NC's review on the performance of the Directors and having noted their significant and valued contributions to the Board, the NC had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that the shareholders re-elect the retiring Directors at the forthcoming 5th AGM.

The Directors subject to retirement have completed their respective Declarations in accordance to the Fit and Proper Person Policy to affirm that they have fulfilled the fit and proper person criteria relating to their Probity, Personal Integrity, Reputation and Financial Integrity.

Board Diversity Policy

The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, the ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship. The Board had adopted a Diversity Policy which acknowledges the importance of Board and Senior Management diversity which includes, but is not limited to skills, experience, age, cultural background and gender.

The Board Diversity Policy is made available on the Company's website.

Currently, three (3) members of the Board are of the female gender, which represents 37.5% of the Board's composition. This is in compliance with Rule 15.02(1)(b) of the ACE LR of Bursa Securities which requires at least one (1) woman director on the Board as well as Practice 5.9 of the MCCG for the Board to have at least 30% women Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Fit and Proper Person Policy

The Board had established and adopted the Fit and Proper Person Policy to ensure that the Board's quality and integrity is maintained and up to expectations. It also serves as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement. The main objective of this Policy is to ensure that the Group is led by persons of integrity, credibility and competency as well as to enable the discharge of the responsibilities required of the position in the most effective manner.

The Company's Fit and Proper Person Policy is made available on the Company's website.

Evaluation of Board Performance

The Board through the NC evaluates the performance of the Board as a whole, the Board Committees, the individual Directors and the independence of the Independent Directors on an annual basis. The evaluation criteria and processes are in accordance with the procedure that has been established, endorsed and approved by the Board following the recommendation made by the NC. The Board evaluation process is carried out by way of peer assessment, in the form of evaluation questionnaires completed, reviewed and deliberated by the NC before its findings and recommendations were tabled to the Board.

The NC reviews the Board Composition in terms of appropriate size, required mix of skills, experiences and other qualities, including core competencies and adequacy of balance between EDs and INEDs. As part of the annual assessment of the individual Directors, the NC will review the professionalism, integrity, honesty, competency, time commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company's shareholders and stakeholders and to fulfil the responsibilities of a director.

The evaluation of the performance of the Chairman of the Board, the Chairman of the ARMC, NC, RC and the Senior Independent Non-Executive Director was also conducted during the scheduled meeting of the NC. Each Director abstained from deliberation on his/her own evaluation.

Attendance of Board and Board Committees Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened as and when necessary. During the FYE 2024 the Board conducted five (5) Board Meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group.

The attendance record of Directors at the Board and Board Committees meetings held during the FYE 2024 is set out below: -

Name of Directors	Board	Attendance		
		ARMC	NC	RC
Haji Mohd Jaffar Bin Awang (Ismail)	5/5	-	-	-
See Tin Hai	5/5	-	-	-
Yoong Woei Yeh	5/5	-	-	-
See Swee Ling	5/5	-	-	-
See Cul Wei	4/5	-	-	-
Tan Sui Huat	5/5	5/5	1/1	2/2
Ong Kheng Swee	5/5	5/5	1/1	2/2
Poh Boon Huwi	5/5	5/5	1/1	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Training and Development of Directors

The Board recognises that it is imperative that Directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and had adopted a Board Policy on Continuing Education to set forth the elements of continuing education for Board members in addition to the initial induction process to ensure that Board members maintain and update their skills and knowledge necessary to meet their obligations. The Policy is made available on the Company's website.

The Chairman of the NC based on the annual assessment of each Director and the Training Needs Analysis approved and adopted by the Board is authorised to make recommendations for each individual Director's continuing education requirements as the NC may deem necessary or appropriate to meet the intentions and purposes of this policy.

The Directors are also encouraged to evaluate their own training needs on a continuous basis to determine and attend the relevant training programmes, seminars, briefings or dialogues to further enhance their skills and knowledge in the latest statutory and regulatory requirements as well as to keep abreast with the business development to assist them in discharging their duties and responsibilities more effectively.

As at the date of this statement, all the Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") Part II and continue to attend training programs and seminars organised by the regulators, professional bodies and other organisations to keep abreast of the latest developments and enhance professionalism in order to discharge their duties effectively.

During the FYE 2024, the Directors had attended the following training programmes -

Date	Training Programmes	Name of Director
31 January 2024	Double Materiality Assessment for Sustainability Reporting: Challenges of Regulatory Evolutions by Association of Chartered Certified Accountants ("ACCA")	Ong Kheng Swee
21 March 2024	Workshop on ISSB Standards (IFRS S1 and S2) by ACCA	Ong Kheng Swee
31 March 2024	Enterprise Management Training by Saferide 76 Sdn Bhd	Yoong Woei Yeh
8 April 2024	ESG Matters@ACCA: Applying IFRS Sustainability Disclosure Standards (ISSB S1 & S2) by ACCA	Ong Kheng Swee
8 May 2024	Recent Developments with the LR, Including COI Amendments by CKM Advisory Sdn. Bhd.	Poh Boon Huwi
27 May 2024	ESG Matters@ACCA - Decoding Greenhouse Gas Emissions (GHG) Accounting: Scopes 1, 2 & 3 by ACCA	Ong Kheng Swee
11 – 12 June 2024	MIA International Accountants Conference 2024 by MIA	Ong Kheng Swee
12 – 13 June 2024	MAP Part II: Leading for Impact ("LIP") by Institute of Corporate Directors Malaysia ("ICDM")	See Tin Hai Yoong Woei Yeh See Swee Ling See Cul Wei Tan Sui Huat Poh Boon Huwi
26 June 2024	Greenhouse Gas (GHG) Accounting for Sustainability Reporting & Disclosures Management by ACCA	Ong Kheng Swee

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Training and Development of Directors CONT'D

Date	Training Programmes	Name of Director
18 July 2024	E-Invoicing for Law Firms by Malaysian Bar (“MB”)	Tan Sui Huat
1 August 2024	Personal Data Protection in the 21st Century: Legal Developments & Challenges by MB	Tan Sui Huat
7 August 2024	ESG Reporting: A Key Value Creation Today by MIA	Ong Kheng Swee
12 – 13 August 2024	MAP Part II: LIP by ICDM	Haji Mohd Jaffar Bin Awang (Ismail)
14 August 2024	ESG Audit for Internal Auditors - How to ascertain methods of scoping for ESG Performance Audits by MIA	Ong Kheng Swee
15 August 2024	Practical Aspects on How Law Firms Can Manage Dawn Raids by MB	Tan Sui Huat
22 August 2024	Malaysia's Deployment of E-Invoicing: What Law Firms Need to Know by MB	Tan Sui Huat
10 September 2024	ESG Risk Management - Importance of Identifying & Managing ESG Risks by MIA	Ong Kheng Swee
25 September 2024	ESG & Supply Chain Management by MIA	Ong Kheng Swee
23 October 2024	Understanding the Requirements of ISO 9001:2015 Quality Management System by Ampro Solutions Sdn Bhd	Yoong Woei Yeh See Swee Ling See Cul Wei
23 October 2024	Remote Witnessing by MB	Tan Sui Huat
14 November 2024	Steering Climate Risk and ESG Roadmap for Corporates by MIA	Ong Kheng Swee
15 November 2024	The Anatomy of a Cyber Attack by MB	Tan Sui Huat
5 December 2024	Data and Compliance Report ('DCR') Clinic 2024 by MB	Tan Sui Huat
12 December 2024	General Understanding of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 by ICDM	Haji Mohd Jaffar Bin Awang (Ismail) See Tin Hai Yoong Woei Yeh See Swee Ling See Cul Wei Tan Sui Huat Ong Kheng Swee Poh Boon Huwi
16 – 17 December 2024	Carbon Accounting and Reporting: From Basics to Best Practices by MIA	Poh Boon Huwi

Nominating Committee (“NC”)

The NC comprises exclusively of INEDs. The NC of the Company is chaired by the Senior Independent Non-Executive Director.

The primary responsibilities of the NC are set out in detail in its Terms of Reference which is made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

II. BOARD COMPOSITION CONT'D

Nominating Committee (“NC”) CONT'D

During the FYE 2024, the members of the NC were as follows: -

Name of NC Members	Designation	Directorate
Tan Sui Huat	Chairman	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

Haily is in compliance with Practice 1.4 of the MCGG whereby the Chairman of the Board, Haji Mohd Jaffar Bin Awang (Ismail) is not a member of the ARMC, NC and RC.

In compliance with the provision of Rule 15.08A(3) of the ACE LR of Bursa Securities, the activities of the NC for the FYE 2024 are set out in Practices 5.3, 5.7 and 6.1 of the CG Report.

III. REMUNERATION

Remuneration Committee (“RC”)

The RC comprises exclusively of INEDs as follows:

Name of RC Members	Designation	Directorate
Poh Boon Huwi	Chairperson	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director

The RC and Board are mindful of the need to remunerate and retain its Directors and Senior Management to ensure that their commitment remains intact as well as to properly motivate, inspire and drive their performance. Their remuneration package is therefore, directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors and Senior Management which is aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Directors and Senior Management should reflect the responsibilities, expertise and complexity of the Company's activities.

The Board had formalised and adopted a Remuneration Policy for the Board and Senior Management to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of EDs and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience, seniority and level of responsibilities.

The Board as a whole will determine the remuneration of the EDs, INEDs and Senior Management, with each individual Director abstaining from deliberation and decision of their own remuneration.

The RC had reviewed the remuneration of the EDs and the Senior Management for FYE 2024 and FYE 2025 and recommended to the Board for approval whereas the Board as a whole had reviewed the Directors' Fees for FYE 2024 and FYE 2025 payable to the INEDs and had resolved to recommend to the shareholders for consideration and approval at the 5th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS CONT'D

III. REMUNERATION CONT'D

Remuneration Committee ("RC") CONT'D

The Remuneration Policy for Directors and Senior Management is made available on the Company's website.

The details of the remuneration and benefits paid to the Directors and Key Senior Management of the Company and the Group for services rendered in all capacities for the FYE 2024 are tabulated under Practices 8.1 and 8.3 of the CG Report respectively.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC comprises exclusively of INEDs as follows: -

Name of ARMC Members	Designation	Directorate
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

The ARMC Chairman, Mr Ong Kheng Swee is a member of the Malaysian Institute of Accountants and is not the Chairman of the Board.

The ARMC is authorised by the Board to investigate any activity within its Terms of Reference. It shall have full and unrestricted access to any information pertaining to the Company and the Group and is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the ARMC.

The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC is made available on the Company's website.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board recognises as essential for an effective and independent ARMC. None of the members of the Board is a former key audit partner. As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy stipulation that governs the appointment of a former key audit partner to the ARMC. The policy which is codified in the ARMC's Terms of Reference requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be considered for appointment as a committee member.

Further information on the summary of activities of the ARMC are set out in the Audit and Risk Management Committee Report of this Annual Report.

Assessment of External Auditor

The ARMC has adopted a procedure to assess the suitability, objectivity and independence of the External Auditors. The ARMC continues assessing the level of non-audit services rendered by the External Auditor to ensure that such services will not impair their objectivity and independence. Being satisfied with the performance, technical competence and audit independence, the ARMC will then recommend any reappointment decision to the Board, where the Board will make the appropriate recommendation to seek shareholders' approval in the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT CONT'D

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish the risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.

The ARMC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of the Group's internal control environment and ensure compliance with the ACE LR, the Group has an internal audit function which is outsourced to an independent professional service firm, NeedsBridge Advisory Sdn Bhd, who reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely basis.

The Board has in place the Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its shareholders (both current and prospective) and the Corporate Disclosure Policy which the Board adopted: -

- To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.
- To promote and maintain market integrity and investor confidence.
- To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.
- To build good relationship with all stakeholders based on transparency, openness, trust and confidence.
- To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information.

The detailed Stakeholders Communication Policy and Corporate Disclosure Policy are made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS CONT'D

II. CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take appropriate measures to encourage shareholders' participation at general meetings as recommended under the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during AGMs.

To ensure effective participation and engagement with shareholders at the AGM, all Directors including members of the ARMC, NC and RC, attended and participated at the AGM.

In line with the best CG practice, the Notice of AGM and Annual Report were disseminated to shareholders at least 28 days before the AGM in order to provide sufficient time for shareholders to understand and consider the proposed resolutions tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 26 March 2025.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the ARMC Report and its summary of work for the FYE 2024 in compliance with Rule 15.15 of the ACE LR of Bursa Securities.

COMPOSITION

The ARMC comprises three (3) members, all of whom are INEDs. Two (2) of the ARMC members are members of the MIA. No alternate director is appointed as a member of the ARMC. The ARMC meets the requirements of Rule 15.09(1)(a), (b), (c)(i) and 15.09(2) of the ACE LR of Bursa Securities and Practice 9.4 under Principle B of the MCCG.

The Chairman of the ARMC is not the Chairman of the Board. This is in line with Practice 9.1 and Practice 1.4 of the MCCG whereby the Chairman of the Board, Haji Mohd Jaffar Bin Awang (Ismail) is not a member of the ARMC.

The ARMC comprises the following Directors during the FYE 2024 and from 1 January 2025 to the date of this report:

Name of ARMC Members	Designation	Directorate
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Poh Boon Huwi	Member	Independent Non-Executive Director

ATTENDANCE OF MEETINGS

The ARMC met five (5) times during the FYE 2024. The attendance details of each member of the ARMC at these meetings are as follows: -

Name of ARMC Members	Number of Meetings Attended
Ong Kheng Swee	5 / 5
Tan Sui Huat	5 / 5
Poh Boon Huwi	5 / 5

The Board through the NC reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual Board's Committee effectiveness evaluation. The Board is satisfied that each of the members of the ARMC as well as the ARMC as a whole had carried out its duties and discharged its responsibilities in accordance with the ARMC's Terms of Reference. The ARMC had functioned effectively, meeting the objectives as set out in its Terms of Reference and assisting the Board in fulfilling its statutory and fiduciary responsibilities adequately.

TERMS OF REFERENCE

The Terms of Reference of the ARMC is made available on the Company's website at www.haily.my.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

MEETINGS

The ARMC shall meet at least four (4) times in a year. The Chairman of the ARMC may call at any time for any additional meetings at the Chairman's discretion. The External Auditors ("EA") may request a meeting if they consider that one is necessary and the Chairman upon such request will convene a meeting for the purpose. The ARMC shall meet with the EA and the representatives of the outsourced internal audit function at least once a year and as and when deemed necessary without the presence of any EDs or Management. The ARMC had convened a total of five (5) meetings during the FYE 2024.

The agenda for meetings, the relevant reports and papers were furnished to the ARMC members by the Company Secretary after consultation with the ARMC Chairman in advance to facilitate effective deliberation and decision making at the respective meetings. All issues were adequately deliberated during the ARMC meetings before arriving at any decisions, conclusions or recommendations and brought to the attention of the Board for review, notation and Board intervention where deemed necessary. The minutes of these deliberations and resultant decisions, conclusions or recommendations at each ARMC meeting were properly recorded by the Company Secretary and tabled for confirmation at the following ARMC meeting.

During its scheduled quarterly meetings, the ARMC reviewed the risk management and internal control processes (with the assistance of the outsourced internal audit function), the interim and year-end financial reports, the internal and external audit plans and reports, related party transactions, annual budget and all other areas within the scope of responsibilities of the ARMC under its Terms of Reference.

The CFO and Financial Controller ("FC") were invited to attend all ARMC meetings to facilitate direct communication and interaction as well as provide clarifications on audit, financial and operational issues. The CEO and COO were also invited to the ARMC meetings to brief the ARMC on the Group's on-going construction projects and strategic initiatives and to seek clarification and explanations on points raised.

The representatives of the outsourced internal audit function attended the ARMC meetings to table their Internal Audit plan and reports. Similarly, the EA of the Company represented by their Engagement Partner and Audit Manager leading the audit attended the ARMC meetings to present their Audit Plan and Audit Report.

SUMMARY OF ACTIVITIES

During the FYE 2024, the ARMC in discharging its duties and functions, had carried out the following activities which are summarised as follows: -

a) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the ARMC:

- i. Reviewed the unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The unaudited interim financial report for the 4th quarter of 2023 were tabled at the ARMC meeting held on 28 February 2024. The unaudited interim financial reports for the 1st, 2nd, 3rd and 4th quarters of the FYE 2024 respectively were tabled at the ARMC meetings held on 28 May 2024, 28 August 2024, 27 November 2024 and 26 February 2025 respectively.

In reviewing these unaudited interim financial reports, the ARMC ensured that these reports were prepared in compliance with the MFRS and also took into consideration Rule 9.22 including Appendix 9B of the ACE LR of Bursa Securities.

- ii. Reviewed the Audited Financial Statements for the FYE 2023 and FYE 2024 ("AFSSs") on 27 March 2024 and 26 March 2025 respectively. In reviewing these AFSSs, the ARMC ensured that these AFSSs were prepared in compliance with the MFRS and the requirements of the Companies Act 2016 in Malaysia.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

a) Financial Reporting CONT'D

In overseeing and discharging its responsibilities in respect of financial reporting, the ARMC: CONT'D

- iii. Reviewed the Budget for the FYE 2025 prepared by the Management on 27 November 2024 and ensured that the assumptions and estimates were reasonable and prudent.
- iv. Reviewed the solvency statement in connection with the declaration of second interim single tier dividend for the FYE 2023 on 27 March 2024.
- v. Reviewed the solvency statements in connection with the declaration of first and second interim single tier dividend for the FYE 2024 on 28 August 2024 and 26 March 2025 before recommending to the Board for consideration and approval of the distributions.
- vi. Reviewed the capitalisation of intragroup debts before recommending to the Board for consideration and approval on 28 February 2024 and 26 February 2025.

b) External Audit

- i. On 27 November 2024, the ARMC reviewed the EA's scope of work and Audit Plans for the FYE 2024 prior to the commencement of audit. The EA had also declared their independence in relation to their audit for the FYE 2024 to the ARMC.
- ii. The ARMC conducted two (2) private meetings with the EA without the presence of the EDs and the Management on 28 February 2024 and 26 February 2025. During the private session, the EA conveyed that there were no areas of concerns to be raised or highlighted to the ARMC or the Board and that they had received full co-operation from the Management during their audit.
- iii. On 28 February 2024 and 26 February 2025, the ARMC reviewed the EA's Audit Committee Memorandum in relation to the EA's audit of the financial statements for the FYE 2023 and FYE 2024 of the Group respectively.
- iv. The ARMC carried out an assessment of the performance of EA, Baker Tilly Monteiro Heng PLT ("BTMH"). The ARMC had considered and reviewed the EA experience, quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees. BTMH also declared their independence to the ARMC and indicated their willingness to continue office for next financial year. The ARMC is satisfied with the independence, performance and suitability of BTMH based on the assessment and recommended to the Board for approval for the re-appointment of BTMH as Auditors of the Company for the FYE 2025. The Board at its meeting held on 26 March 2025, approved the ARMC's recommendation to re-appoint BTMH as Auditors of the Company for the FYE 2025, subject to the shareholders' approval to be sought at the forthcoming 5th AGM.

c) Internal Audit

- i. On 27 November 2024, the ARMC reviewed the Proposed Internal Audit Plan for the FYEs 2025 and 2026 presented by the outsourced internal audit function to ensure key business risk and processes identified in the Registry of Risk were adequately identified and covered in the audit plan before recommending to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

c) Internal Audit CONT'D

- ii. On 28 May 2024, the ARMC reviewed the Internal Audit Report in relation to the Group's Human Resource Management and on 27 November 2024, the ARMC reviewed the Internal Audit Report in relation to the Group's Treasury and Credit Control Management. The ARMC considered and discussed the internal audit findings and the recommendations made by the outsourced internal audit function on the areas of improvement. The ARMC also received the internal audit function action plan progress follow up report at the meetings.
- iii. The ARMC conducted one (1) private meeting with the outsourced internal audit function without the presence of the EDs and the Management on 27 November 2024. During the private session, the outsourced internal audit function conveyed that the Management had extended full co-operation to their personnel with no restriction to the IA's scope of work, access to the Management and staff or documentation needed during their audit and the Management responses are forthcoming.
- iv. The ARMC carried out an assessment of the performance of the internal audit function by considering and reviewing the internal audit function's qualifications and experience, resources availability and competency, independence, scopes and functions of the internal audit function and collaboration with EA. The ARMC concluded that the internal audit function had performed and carried out their work professionally and met the expectations of the ARMC. The ARMC agreed to the internal audit function continuing and performing their role according to the approved Internal Audit Plan.

d) Related Party Transaction

The ARMC reviewed and considered the Related Party Transactions at its meeting held on 28 February 2024, 28 May 2024, 28 August 2024, 27 November 2024 and 26 February 2025 respectively to ensure that they were not detrimental to the interests of the minority shareholders.

e) Sustainability and Risk Management

- i. The ARMC had on 28 February 2024, 28 May 2024, 28 August 2024, 27 November 2024 and 26 February 2025 received reports from the CEO and COO on the overview of the Group's on-going construction projects. The ARMC had on 28 February 2024 and 27 November 2024 received reports from the Management on the overview of Haily Capital Sdn. Bhd.'s operations in agricultural activities of managing and harvesting of durian and other fruits.
- ii. The ARMC had on 27 November 2024 reviewed the Registry of Risk together with the Risk Matrix after taking into consideration the outcomes and recommendation from the internal audit function and was briefed by the SRMC on the risk factors, impacts and the proposed risk control actions to be undertaken before recommending the same to the Board for approval.
- iii. On 28 May 2024 and 27 November 2024, the ARMC reviewed the report from the SRMC on the activities undertaken to promote sustainability as an integral component of the corporate values of the Group.
- iv. The ARMC had received assurance from the CEO, being highest ranking executive in the Company and the CFO, being the person primarily responsible for the management of the financial affairs, that the Group's risk management and internal control systems have operated adequately and effectively in all material aspects to meet the Group's objectives during the FYE 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

f) Conflict of Interest and Potential Conflict of Interest ("COI")

In overseeing and discharging its responsibilities in reviewing situations of COI or potential COI involving the Directors and Senior Management, the ARMC: -

- i. Reviewed and kept abreast on all the status of existing COI (if any) and potential COI involving the Directors and Senior Management by way of review of existing declarations/disclosures from all Directors and Senior Management in respect of their involvement in other companies / businesses carrying on similar business / trades as the Group.
- ii. Where applicable, recommended to the Board the measures to be taken to resolve, eliminate or mitigate any such COI or potential COI situations.
- iii. Other than as disclosed below, none of the Director and Senior Management had any COI or Potential COI arising and reviewed by the ARMC:

Name of Director	Situation giving rise to conflict of interest	Rationale, measures taken to resolve, eliminate or mitigate COI
See Tin Hai	Mr See had declared that he has an indirect interest of 20% in Springsphere Sdn. Bhd. (" Springsphere ") held through his shareholding in Haily Holdings Sdn. Bhd. Springsphere is currently dormant with its intended principal activity as a property developer.	<p>The ARMC's had reviewed the COI or potential COI with the Group and concluded that:</p> <ul style="list-style-type: none"> Currently there is no COI since the principal activity differs from that of the Group. Potential COI may arise when Springsphere commences its business operation as a property developer in the future and if the Group participates in the tender for the construction of Springsphere's property development project. Mr See will abstain and will not engage in any discussion or decision making relating to the tendering and acceptance of contract to be awarded by Springsphere. Mr See has also undertaken to comply with any measures that Haily may wish to impose in the future and the COI will be reviewed annually or as and when circumstances changes.
	Mr See had declared that he has an indirect interest of 10% in Connoisseur Towers Sdn. Bhd. (" CTSB ") held through Haily Holdings Sdn. Bhd. (" HHSB "). CTSB's principal activities is property development.	<p>The ARMC's had reviewed the COI or potential COI with the Group and concluded that:</p> <ul style="list-style-type: none"> Mr See is not a director of CTSB and his 10% interest in CTSB is merely an investment held indirectly through his and his spouse's shareholding in HHSB while the remaining 90% of the equity interests in CTSB are held by other shareholders. Other than as disclosed, Mr See does not have any situations of COI at this juncture in view that CTSB is no longer active, having completed its project some time ago.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

SUMMARY OF ACTIVITIES CONT'D

f) Conflict of Interest and Potential Conflict of Interest ("COI") CONT'D

Name of Director	Situation giving rise to conflict of interest	Rationale, measures taken to resolve, eliminate or mitigate COI
		<ul style="list-style-type: none"> Situation of potential COI may arise when CTSB undertakes property development activities in the future and if the Group participates in tender for the construction of CTSB's property development project. Mr See will abstain and will not engage in any discussion or decision making relating to the tendering and acceptance of contract to be awarded by CTSB. Mr See has also undertaken to comply with any measures that Haily may wish to impose in the future and the COI will be reviewed annually or as and when circumstances changes

g) Corporate Governance Practices

- i. Reviewed the following Policies before recommending to the Board for approval:
 - Policy on Related Party Transactions;
 - Code of Conduct and Business Ethics Policy;
 - Sustainability Policy; and
 - Terms of Reference for the Sustainability and Risk Management Committee.
- ii. Reviewed the disclosures made in respect of the financial results and Annual Report of the Company to be in line with the ACE LR of Bursa Securities, the principles set out in the MCCG, other applicable laws, rules directives and guidelines including the Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control and other compliance disclosures.

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to an independent professional services firm, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control. To uphold the professional firm's independence and objectivity, the outsourced internal audit function reports directly to the ARMC.

The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director, Mr Pang Nam Ming, is a Certified Internal Auditor and has a Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to the Institute of Internal Auditors during his renewal as Certified Internal Auditor. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT CONT'D

INTERNAL AUDIT FUNCTION CONT'D

During the FYE 2024, the outsourced internal audit function carried out audits in accordance with the internal audit plan approved by the ARMC and the Board. The internal audit plan was developed taking into consideration the Group's Registry of Risk and other risk events identified by the internal audit function relevant to the audit objectives with the input from the Management. The outsourced internal audit function had presented their audit reports for the ARMC's review on the Group's Human Resource Management as well as Treasury and Credit Control Management of the Group in May 2024 and November 2024 respectively.

The costs incurred for the outsourced internal audit function for the FYE 2024 was RM48,897.28.

The detailed elaboration on the Group's internal control system and its effectiveness is set out in the Statement on Risk Management and Internal Control of this Annual Report and the Group's sustainability initiatives is elaborated in detail in the Sustainability Statement of this Annual Report.

This ARMC Report was approved by the Board of the Company on 26 March 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Rule 15.26(b) and Guidance Note 11 of the ACE LR of Bursa Securities in relation to the requirement to prepare a statement about the state of risk management and internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) and the MCCG, the Board of Haily is pleased to present the statement on the state of risk management and internal controls of the Group for the FYE 2024. The scope of this Statement includes the Company and its operating subsidiaries.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control system and for reviewing their adequacy and effectiveness to provide assurance on the achievement of the Group’s mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board has established the risk appetite of the Group within which the Board expects the management to operate based on the risk capacity, strategies, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment that is embedded into the corporate culture, strategies and processes of the Group as well as to articulate the importance of adequate and effective risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks and opportunities to the SRMC, jointly led by the CEO and an ED while the ARMC, through its terms of reference approved by the Board, is delegated with the duty to review the adequacy and effectiveness of risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system. Through the ARMC, the Board is kept informed on all significant risks and control issues brought to the attention of the ARMC by the SRMC, Sustainability and Risk Management Working Group (“SRMWG”), the outsourced internal audit function and the external auditors.

The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board recognises risk management as an integral part of the system of internal control and good management practice in the pursuits of its mission, vision, core values, strategies and business objectives. The Board maintains an on-going commitment to systematically identify, analyse, evaluate and manage significant risks and opportunities faced by the Group. The Board has put in place a formal Risk Management Framework for the governance structure, framework and processes for enterprise-wide risk management. This serves to embed the risk management practices into all levels of the Group and to manage key business risks faced by the Group and to optimise key business opportunities available to the Group adequately and effectively as a second-line-of-defence. The duties for the identification, evaluation and management of the key business risks and opportunities are delegated to the SRMC which consist of CEO, ED, CFO, COO and Head of Contract and Business Development and the SRMC is further supported by the SRMWG which comprises representatives from the various departments.

The principles, practices and processes of the Risk Management Handbook established by the Board are, in all material aspects, guided by the Enterprise Risk Management - Integrating with Strategy and Performance (2017) by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT CONT'D

The Risk Management Handbook established lays down the objectives and processes defined by the Board with a formalised governance structure of the risk and opportunity management activities of the Group as follows:



Clear roles and responsibilities of the Board, ARMC, SRMC, SRMWG, Risk Owners and outsourced internal audit function are defined in the Risk Management Handbook and the terms of reference of the respective committee. The roles and responsibilities of the SRMC and SRMWG in relation to risk management are as follows: -

SRMC

- Implement the Group Risk Management Framework approved by the Board;
- Implement the risk management process which includes the identification of key risks (including sustainability matters) and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate the methodology to SRMWG and Risk Owners;
- Ensure that risk strategies adopted are aligned with the Group's organisational strategies (e.g. vision/mission, corporate strategies/goals, etc.), Group Risk Management Framework (including policies and processes) and risk appetite;
- Continuous review and monitoring of existing and emerging risks and risk events (including sustainability matters) and update of the Registry of Risks (including the incorporation of new or emerging risks or integration of business risks from implementation and integration of new strategies and business objectives or emerging sustainability matters into the Registry of Risks for monitoring);
- Review of the trends in Key Risk Factors (and its implications on risks and risk events) and Registry of Risks and Risk Matrix of the Group due to changes in the internal and external business context, business processes, business strategies or external environment and determination of management action plan(s), if required;
- Review of Risk Incidents reported by SRMWG and Risk Owners to ensure that appropriate mitigation plans are undertaken and are properly escalated to ARMC if significant;
- Update the ARMC and the Board, on the developments in the Key Risk Factors and changes to the Registry of Risks and Risk Matrix on a periodic basis (at least annually) or when appropriate (due to significant change to the internal and external business context), the course of action to be taken by management in managing the changes and monitoring activities in relation to compliance of the Group Risk Management Framework, Policies and Procedures; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT CONT'D

SRMC CONT'D

- To perform Strength Weakness Opportunities and Threats (“**SWOT**”) Analysis for all options of the proposed strategies and business objectives and to monitor and report to the ARMC and the Board on the progress of the implementation of such strategies during the scheduled meetings.

SRMWG

- Facilitating, supervising and monitoring the implementation and compliance of the Group Risk Management Handbook and reporting any non-compliance to the SRMC;
- Facilitating and coordinating all risk management processes and activities in the Group;
- Reporting of compliance performance of the Group Risk Management Handbook, the trends in Key Risk Factors, changes in the Registry of Risks and Risk Matrix due to new or emerging risks and risk events or changes in the existing risks and risk events, the mitigation plans (and its implementation progress) and Risk Incidents (including its mitigation plans and incidents of material risks not mitigated);
- Ensuring proper reporting and communication of all risk matters (including risks arising from sustainability matters) at the appropriate level (including but not limited to, the use of the Registry of Risks or meetings or other electronic platforms), and to facilitate embedding the risk management and reporting processes into daily operations to facilitate decision making by the highest governance body of the Group; and
- Ensuring the adequacy of relevant training for the appropriate level of staff on the risk management and reporting processes so that risk awareness is maintained and/or improved.

In addition, the Risk Owners, within their areas of expertise and delegated with operational responsibilities with the following roles and responsibilities: -

- Ultimately accountable for business/risk management;
- Execute risk policies and standards, risk appetite and tolerances, and reporting processes;
- Establish and implement risk and compliance activities; and
- Accountable for on-going risk monitoring and oversight.

Systematic risk management process is stipulated in the Risk Management Handbook, whereby each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by SRMWG and Risk Owners. Risk assessments are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. During the risk management process, the Registry of Risk and Risk Matrix were updated by the SRMWG and respective Risk Owner, with relevant key risk identified and rated based on the agreed upon likelihood and impact rating with considerations of the results of internal audit activities. Subsequently the updated Registry of Risks and Risk Matrix were reviewed by the SRMC before they were reported to the ARMC. The Registry of Risks and Risk Matrix are primarily used for the identification of risk factors of key risk areas which are above the risk appetite of the Group that require the Management's and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risk monitoring mechanism, the SRMC reviews the Registry of Risks and Risk Matrix as well as assesses emerging risk and opportunities identified at strategic and operational level on an annual basis or on more frequent basis if circumstances require it and to report to the ARMC on the results of the review and assessment.

During the financial year under review and up to the date of this statement, the SRMWG had conducted a review and assessment exercise on existing risk factors within key risks areas, ranging from business environment (including corporate liability risk on corruption and compliance of material laws and regulations), corporate, finance, marketing, project management, human capital, environment health and safety and management information system of the Company and its operating subsidiaries and incorporated such risk factors into the Registry of Risks for on-going monitoring. In addition, the Registry of Risks was reviewed by the outsourced internal audit function to ensure that the key risks and ratings assigned are aligned with the internal audit findings. The Registry of Risks (with proposed risk control actions for risks mitigation, likelihood and impact rating) and corresponding Risk Matrix was tabled by the SRMC to the ARMC for review and deliberation on its adequacy and effectiveness and thereafter the results of the review were reported to the Board, which assumes the primary responsibility of the Group's risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

RISK MANAGEMENT CONT'D

At strategic level, business plans, business strategies and investment proposals with risks and opportunities consideration are formulated by the Senior Management and/or EDs and presented to the Board for review and deliberation to ensure that the proposed plans and strategies are in line with the Group's risk appetite approved by the Board. In addition, specific strategic and key operational risks and opportunities are highlighted and deliberated by the ARMC and the Board during the review of the financial performance of the Group in the scheduled meetings.

As the first-line-of-defence, respective Risk Owners are responsible for managing the risks under their responsibilities. Risk Owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system and supplemented by external data and information collected. Respective Owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage these risks. Critical material risks are highlighted to the SRMC for the final decision on the formulation and implementation of effective internal controls and reported to the ARMC and the Board by CEO, ED and/or CFO.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan reviewed and approved by the ARMC and the Board.

The above process has been practiced by the Group for the financial year under review and up to the date of this statement.

Please refer to the Management Discussion and Analysis for the key risks faced by the Group.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: -

- **Board of Directors/Board Committees**

The role, functions, composition, operation and processes of the Board are guided by a formal board charter whereby roles and responsibilities of the Board, the Chairman of the Board, the CEO, the EDs, and the Senior Independent Non-Executive Director are specified to preserve the independence of the Board from the Management and to improve oversight roles of the Board.

Board Committees (i.e. ARMC, NC, and RC) are established to carry out duties and responsibilities delegated by the Board, and are governed by written terms of reference.

Meetings of Board of Directors and the respective Board Committees are carried out on scheduled basis to review the financial and operational performance of the Group. Business plans and business strategies are proposed by the CEO for the Board's review and approval, after taking into consideration risks and responses.

- **Integrity and Ethical Values**

The tone from the top on integrity and ethical value are enshrined in a formal Code of Conduct and Business Ethics Policy. This formal code forms the foundation of integrity and ethical value for the Group.

Integrity and ethical value expected from the employees are incorporated in the Employees Handbook, whereby the ethical behaviours expected from employees are stated. The code of conduct of the employees in carrying out their duties and responsibilities assigned are also established and formalised in the Employees Handbook.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL SYSTEM CONT'D

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: - CONT'D

- **Integrity and Ethical Values** CONT'D

To further enhance the ethical values throughout the Group, a formal Anti-Bribery and Anti-Corruption Policy had been put in place by the Board to prevent and manage the risk of bribery and conflict of interest within the Group, supplemented by a Whistle-Blowing Policy for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity. Grievance procedures are also incorporated in the Employees Handbook for employees to raise complaint not satisfactorily resolved to next higher authority via structured process.

Compliance of the Code of Conduct and Business Ethics as well as the Anti-Bribery and Anti-Corruption Policies are monitored via control activity monitoring mechanism coupled with the whistle-blowing and grievance procedures implemented with detected non-compliances investigated in a timely manner and appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

- **Organisation Structure, Accountability and Authorisation**

The Group has a well-defined organisation structure in place with clear lines of reporting and accountability with the Board assuming the oversight roles. The Group is committed to employing suitable and qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly based on staff competency to ensure operational efficiency. The establishment and communication of job responsibilities and accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

The authorisation requirement of the key internal control points of key business processes are stated in the Delegation and Limit of Authorities and respective policies and procedure.

- **Performance Measurement**

Annual Budget and forecasts for the Group are presented to the ARMC for review and approved by the Board on an annual basis. The actual performances are closely monitored against budgets to identify significant variances for prompt actions to be taken, including any revisions required.

- **Succession Planning and Human Resource**

The Board is committed to enhancing the skills, knowledge and competency of employees for personal development and corporate excellence. A succession planning process is in place to ensure key personnel within the Group are supported by competent second-in-line to reduce the impact of casual vacancies or abrupt departure of key personnel to the minimum possible.

A formal Human Resource Policy as well as the Employees Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) to carry out their duties and responsibilities effectively and efficiently.

Performance appraisals which form the basis of the incentives and promotion, and training needs assessment are carried out for all levels of staff to identify performance gaps, training needs and to assist in talent development.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL CONTROL SYSTEM CONT'D

The key features of the Group's internal control system are made up of five (5) core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with the principles representing the fundamental concepts associated with each component as follows: - CONT'D

- **Risk Assessment and Control Activities**

Risk assessment is performed by Risk Owners at scheduled interval or when there is change in internal and/or business context and is guided by the Risk Management Handbook. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

The Group's policies and procedures are regularly reviewed and updated to ensure their relevance to support the Group's business activities and in achieving the Group's business objectives.

- **Information and Communication**

At the operational level, clear reporting lines are established across the Group and operation reports are prepared for dissemination of critical information to relevant personnel for effective communication throughout the Group, timely decision making and execution in pursuit of the business objectives. Matters that require the Board's and Senior Management's attention are highlighted for review, deliberation, and decision making on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures, communication channels (i.e. computerised systems, secured intranet, electronic mail and modern telecommunication system) and computerised transaction processing system, so that operation data and external data can be collected and processed into relevant and adequate information and communicated timely, reliably and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different levels of management and employee for their review and decision making. The management and board meetings are held regularly for effective two-way communication of information at different level of Management and the Board.

Communication of policies and procedures of the Group are conducted via written format, notice boards, electronic mail system and in-house trainings by respective risk or control owners.

- **Monitoring and Review**

As the second-line-of-defence and at operational level, monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions being noted and escalated to the appropriate level of management. Periodic management meetings are held to discuss and review budgets, financial and operational performance of key divisions/departments of the Group.

Apart from the above, quarterly financial statements which contains key financial results, operational and financial management reports are also presented by CEO, CFO, COO and Financial Controller to the ARMC for review and reporting of the same to the Board to assess the operational performance, business strategies, future prospect and external business conditions. The ARMC also performed the review of the disclosure made by the directors and members of the key senior management of conflicts of interest or potential conflicts of interest.

In addition to the internal audits, any significant control issues are highlighted by the External Auditors as part of their statutory audits. The monitoring of compliance with ISO certification is carried out by external ISO auditors as well as surveillance audit by independent consultants engaged by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional services firm, NeedsBridge Advisory Sdn Bhd, who, through the ARMC, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on risk management and internal control. To uphold the professional firm's independence and objectives, the outsourced internal audit function reports directly to the ARMC.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.

The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and has a Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his renewal as Certified Internal Auditor. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were at least one (1) senior consultant and at least one (1) consultant per one (1) engagement with oversight performed by the director.

Based on the formal assessment of the internal audit function performed by the ARMC (which takes into consideration of the qualifications, experience, resources availability, competency, independence, scopes, function, and collaboration with the External Auditors) during the financial year, the ARMC concluded that the internal audit function had performed and carried out their work professionally and met the expectation of the ARMC.

The risk-based internal audit plan in respect of the FYE 2024 was drafted by the outsourced internal audit function, after taking into consideration the existing and emerging key business risks identified in the Registry of Risks and the Senior Management's opinion and was reviewed and approved by the ARMC prior to execution. Each internal audit cycle within the internal audit plan is specific with regards to audit objective, key risks to be assessed and scopes of the internal control review.

As the third-line-of-defence, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to determine the adequacy and effectiveness of governance, risk structures, control structures and control processes. The outsourced internal audit function provides recommendations formulated based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the standard operating procedures and/or process flows provided and observations of the functioning of processes against the results of interviews, documented standard operating procedures and/or process flows. Thereafter, testing of controls are carried out for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance with predetermined formulation, subject to the nature of testing and verification of the samples.

During the FYE 2024, based on the internal audit plan reviewed and approved by the ARMC and the Board, the outsourced internal audit function had conducted audits on the Group's human resources management and its subsidiary's credit control and treasury management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

INTERNAL AUDIT FUNCTION CONT'D

Upon the completion of the internal audit fieldwork, the internal audit report was presented to the ARMC during its scheduled meetings. During the presentation, the internal audit findings, priority level, risk/potential implication, internal audit recommendations, management responses/action plans, person-in-charge and date of implementation were presented and deliberated with the members of the ARMC. This is to enable the ARMC to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business process under review. Progress follow-ups were performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldwork by way of verification via observation or through verification of samples provided by the person-in-charge to substantiate the implementation of the management action plan. Together with the internal audit reports, the updates on the implementation progress of action plans formulated per previous internal audit reports via the Action Plan Progress Report were also presented to the ARMC during the financial year for review and deliberation.

In addition, the outsourced internal audit function also presented its staff strength, qualifications and work experience and its independence for the ARMC's review during its scheduled meetings.

The costs incurred for the outsourced internal audit function for FYE 2024 was RM 48,897.28.

ASSURANCE PROVIDED BY THE CEO AND THE CFO

In line with the Guidelines, the CEO, being highest ranking executive in the Group and the CFO, being the person primarily responsible for the management of the financial affairs of the Group have provided assurances to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, assurances provided by the CEO and the CFO, the Board is of the opinion that the risk management and internal control systems are operating satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's business objectives.

The Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the respective system.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE LR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies and Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 to be set out, nor is factually incorrect.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

ASSURANCE PROVIDED BY EXTERNAL AUDITORS CONT'D

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy those problems.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF ORDINARY SHARES PURSUANT TO THE PRIVATE PLACEMENT

	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of listing of the Placement Shares
Working capital (i.e. payment to the subcontractors as well as the suppliers of construction materials of the Group's ongoing construction projects)	8,116	8,116	-	Within 24 months
Expenses relating to the Private Placement	105	105	-	Immediate
Total	8,221	8,221	-	

The utilisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 3 May 2024 in relation to the Private Placement, as well as the announcement dated 11 June 2024 pertaining to the completion of the Private Placement.

2. AUDIT AND NON-AUDIT FEES

The fees payable to BTMH in relation to the audit and non-audit services rendered to the Company and the Group for the FYE 2024 were as follows:

	Company RM	Group RM
Audit fees	56,500	142,600
Non-audit fees	5,000	29,900
Total	61,500	172,500

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

Save as disclosed in the audited financial statements for the FYE 2024, there were no material contracts (not being contracts entered into in the ordinary course of business) either subsisting as at the financial year end or entered into since the end of the previous financial year by the Company and its subsidiaries involving the interest of the directors, chief executive and major shareholders.

4. EMPLOYEE SHARE SCHEME

The Company did not have any Employees Share Scheme during the FYE 2024.

ADDITIONAL COMPLIANCE INFORMATION CONT'D

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The RRPT entered into by the Group during the financial year under review is disclosed in Note 26 to the financial statements included in this Annual Report.

During the FYE 2024, the Group does not have shareholders' mandate for RRPT. The RRPT value transacted during the financial year under review does not exceed the threshold limit and therefore, no announcement related to RRPT has been made.

The RRPT entered into was at arm's length basis, on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

6. PROPERTIES OWNED BY THE GROUP

There were no real properties owned by the Group during the FYE 2024.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required under the Companies Act 2016 (**"the Act"**) to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Act.

In preparing the financial statements for the financial year ended 31 December 2024, the Directors have: -

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.