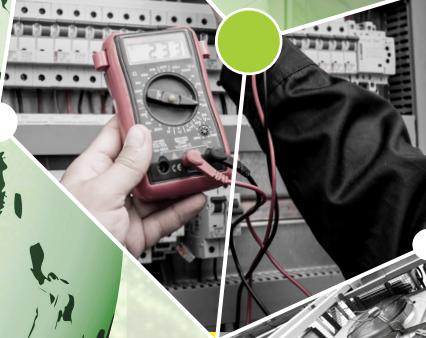


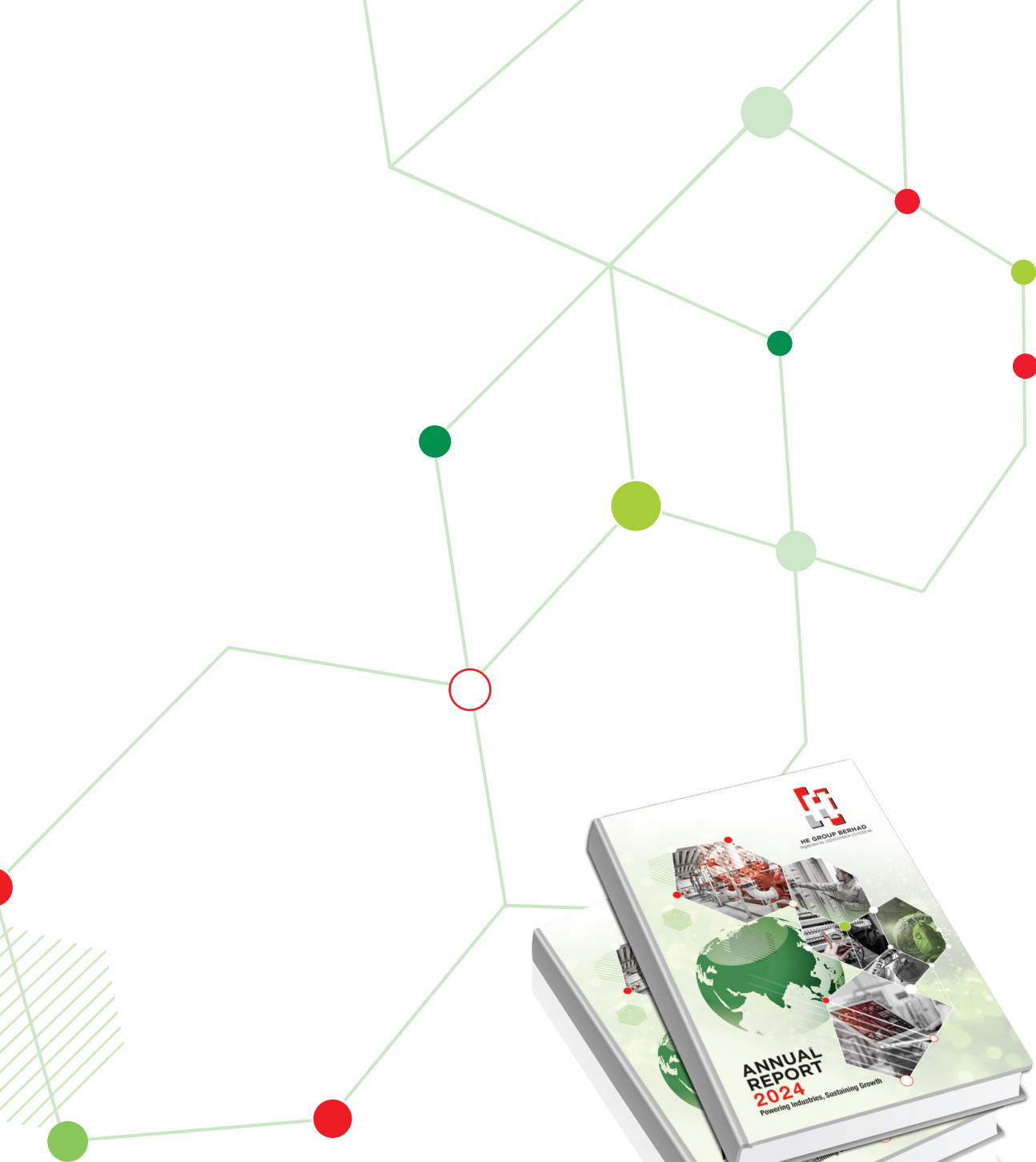
HE GROUP BERHAD

Registration No. 202301016404 (1510326-M)



ANNUAL REPORT 2024

Powering Industries, Sustaining Growth



"Powering Industries, Sustaining Growth"

The cover design embodies HE Group Berhad's commitment to industrial excellence, innovation, and sustainability. The hexagonal elements symbolise connectivity and strength, reinforcing the company's strategic approach towards progress.

At the heart of the design, the tagline "Powering Industries, Sustaining Growth" encapsulates HE Group's core mission—driving industrial advancement built on resilience and responsible growth.

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Scan this for access to our Investor Relations webpage, where you can view our Annual Report and other financial information.



MISSION

We aspire to consistently upgrade our core competencies towards technology advancement and global positioning, to effectively deliver superior customer value with good investment returns, and be a responsible citizen.



VALUES

Our core company values guide our workforce towards a common goal. From field workers to directors, it defines what we aim to be as a group, and brings purpose to our clients' projects.

INTEGRITY



We know the job, the field and the people. We source local, high-quality material, suppliers and partners. We pride ourselves on being a good paymaster, problem-solver and construction partner.

WORTH



We deliver the right service at the right price. We keep good relationships with our partners and suppliers and aim for long term. Above all, we respect your decisions, your budget and your time.

ACCOUNTABILITY



We take ownership of our work. We design for best practices, with staff safety and your company's health in mind. We plan, design and foresee issues, own up mistakes and fix what needs fixing.

GROWTH



We recognise value and potential in people. Our management team comes from fieldwork, steadily growing during their time with us. We like leaders who roll up their sleeves and get to it!



VISION

We aim to serve more customers by doubling our project capacity and cover the whole of Malaysia.

We will become a major player in the utilities market and a leading turnkey contractor in South East Asia by 2030.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Datuk Christopher
Wan Soo Kee

Managing Director

Haw Chee Seng

Executive Director

Eng Choon Leong

Executive Director

Tang Kok Wai
(Appointed on
02 September 2024)

Independent Non-Executive Director

Andrea Huang Jia Mei

Independent Non-Executive Director

Ir. Dr. Ng Kok Chiang

Independent Non-Executive Director

Christine Toh Hung Mei

AUDIT AND RISK MANAGEMENT COMMITTEE

Andrea Huang Jia Mei
(Chairperson)
Ir. Dr. Ng Kok Chiang
Christine Toh Hung Mei

NOMINATION COMMITTEE

Ir. Dr. Ng Kok Chiang
(Chairperson)
Andrea Huang Jia Mei
Christine Toh Hung Mei

REMUNERATION COMMITTEE

Christine Toh Hung Mei
(Chairperson)
Andrea Huang Jia Mei
Ir. Dr. Ng Kok Chiang

COMPANY SECRETARIES

Tea Sor Hua (MACS 01324)
(SSM PC No.: 201908001272)
Lee Siew Fun (MAICSA 7063623)
(SSM PC No.: 202008000735)

SHARE REGISTRAR

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

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7725 1777
Fax : +603-7722 3668
Email : info@cospec.com.my

HEAD OFFICE

No. 42, Jalan OP 1/5
Pusat Perdagangan One Puchong
47160 Puchong
Selangor Darul Ehsan
Tel : +603-8068 1811
Fax : +603-8068 1721
Website : www.hexatech.com.my

AUDITORS

TGS TW PLT
(Registration No.: 202106000004
(LLP0026851-LCA) & AF002345))
Unit E-16-2B,
Level 16, ICON Tower (East)
No. 1, Jalan 1/68F
Jalan Tun Razak
50400 Kuala Lumpur
Tel : +603-9771 4326

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia)
Berhad
Malayan Banking Berhad

SPONSOR

Alliance Islamic Bank Berhad
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : +603-2604 3333

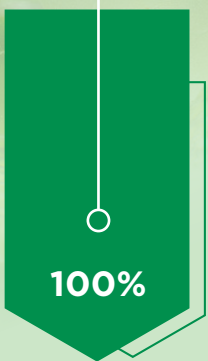
STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name : HEGROUP
Stock Code : 0296

CORPORATE STRUCTURE



HE GROUP BERHAD
[Registration No. 202301016404 (1510326-M)]

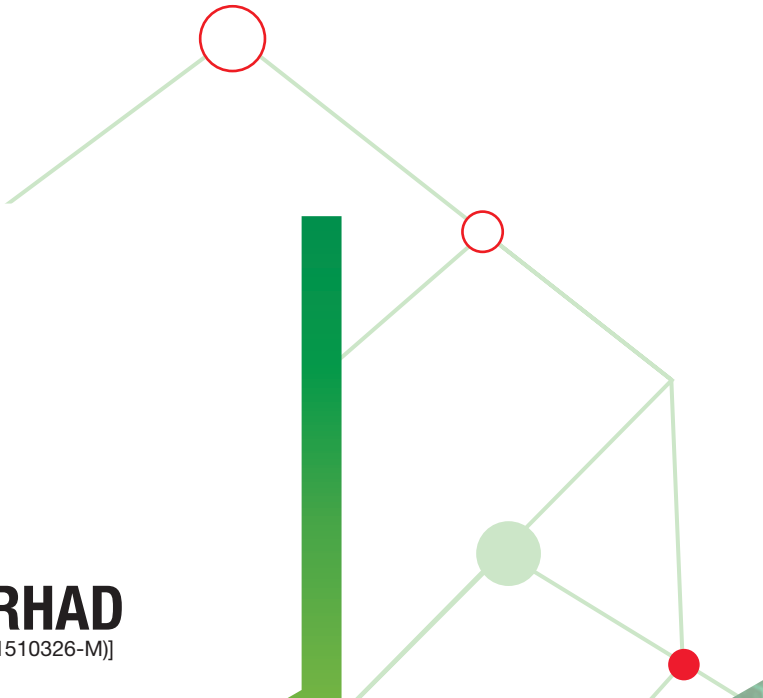


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**HEXATECH ENGINEERING
SDN. BHD.**

[Registration No. 199501008607 (337805-T)]

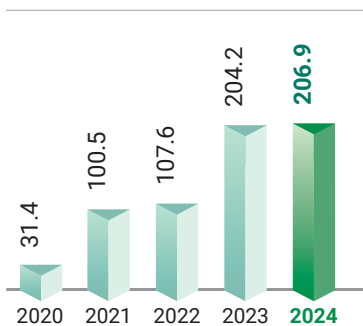
Provision of power distribution system, other building systems and works, hook-up and retrofitting of electrical equipment and trading



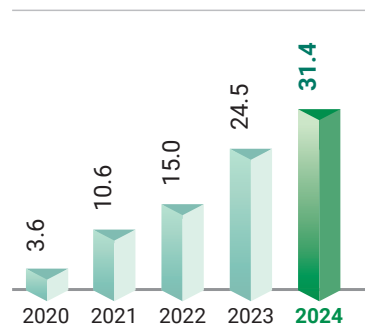
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 Dec	2020 (RM million)	2021 (RM million)	2022 (RM million)	2023 (RM million)	2024 (RM million)
Financial Results					
Revenue	31.4	100.5	107.6	204.2	206.9
Gross Profit	3.6	10.6	15.0	24.5	31.4
Profit Before Tax	1.9	5.5	8.0	14.8	19.0
Profit After Tax and Non-Controlling Interests (PATNCI)	1.7	4.1	6.2	11.0	13.7
Financial Position					
Shareholders' Funds (Total Equity)	9.1	12.7	15.9	26.8	61.9
Total Assets	20.5	61.7	89.3	93.1	111.2
Current Assets	14.4	54.8	81.4	88.1	105.6
Total Borrowings	4.5	6.6	9.4	1.5	1.2
Cash and Cash Equivalents	1.9	6.4	13.8	22.9	57.7
Financial Ratio					
Basic Earnings per Share (sen)	0.5	1.2	1.8	3.1	3.1
Gross Profit Margin (%)	11.3	10.5	13.9	12.0	15.2
Net Profit Margin (%)	5.4	4.1	5.7	5.4	6.6
Gearing Ratio (times)	0.50	0.52	0.59	0.06	0.02

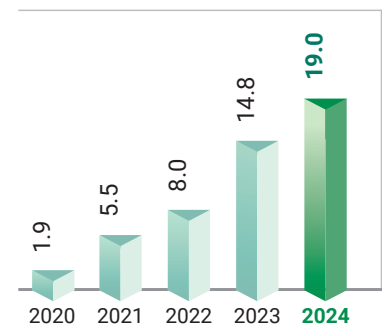
REVENUE



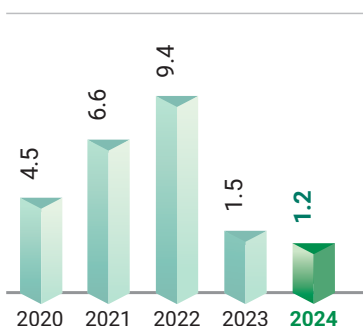
GROSS PROFIT



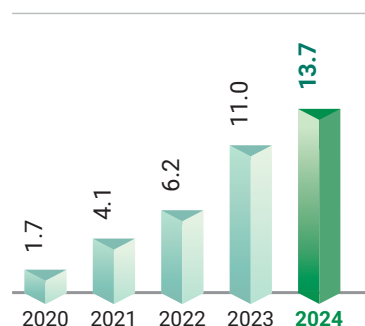
PROFIT BEFORE TAX



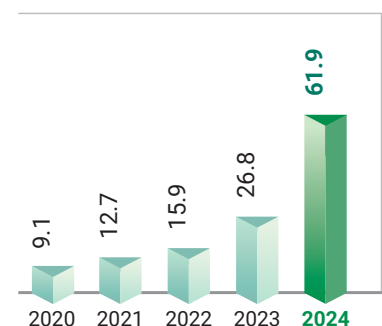
TOTAL BORROWINGS



PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS



SHAREHOLDERS' FUNDS (TOTAL EQUITY)



MANAGEMENT DISCUSSION AND ANALYSIS

Dear valued shareholders,

It is remarkable how swiftly a year has passed since our listing on 30 January 2024 on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Much has been achieved during the financial year ended 31 December 2024 (“FYE2024”), marked by achievements across various operational fronts. We have successfully executed a portfolio of new construction projects and existing site upgrades, demonstrating our commitment to delivering value and driving growth. To effectively meet the increasing demand for our specialised services, we strategically expanded our team, ensuring we possess the necessary expertise and capacity to excel. Furthermore, we implemented cost optimisation initiatives, aimed at enhancing our operational efficiency and bolstering our overall profitability.

As we approached the close of the financial year, the global political landscape underwent notable shifts, introducing a degree of uncertainty that inevitably presented challenges to our business operations. Despite these external pressures, we persevered in our commitment to delivering decent performance. Through diligent effort and strategic adaptation, we are pleased to report that we navigated these complexities and achieved a commendable set of results.

On that note, with great pleasure, we are proud to present HE Group Berhad’s (“HE Group” or the “Company”) Annual Report for FYE2024.

BUSINESS OVERVIEW

HE Group, through our subsidiary, Hexatech Engineering Sdn. Bhd. (“**Hexatech**”), stands as one of the leading electrical engineering service providers in Malaysia. With a robust presence in the industry, we have established ourselves as a trusted partner for a diverse range of clients, delivering quality solutions in power distribution systems. Our expertise spans multiple applications, including industrial plants, as well as industrial and commercial substations, ensuring reliable and efficient energy management for critical operations. Our focus remains on leveraging on our expertise to support the future development of Malaysia’s electrical engineering landscape.

Our comprehensive service offerings encompass the design, supply, installation, testing and commissioning of high voltage (“**HV**”), medium voltage (“**MV**”), low voltage (“**LV**”) and extra low voltage (“**ELV**”) power distribution systems. Beyond this core competency, we also provide additional services, including other building systems and works, electrical equipment hook-up and retrofitting solutions, and trading in high-quality electrical products. We proudly serve clients across key industries such as semiconductors, medical devices, and electronic products across Malaysia.

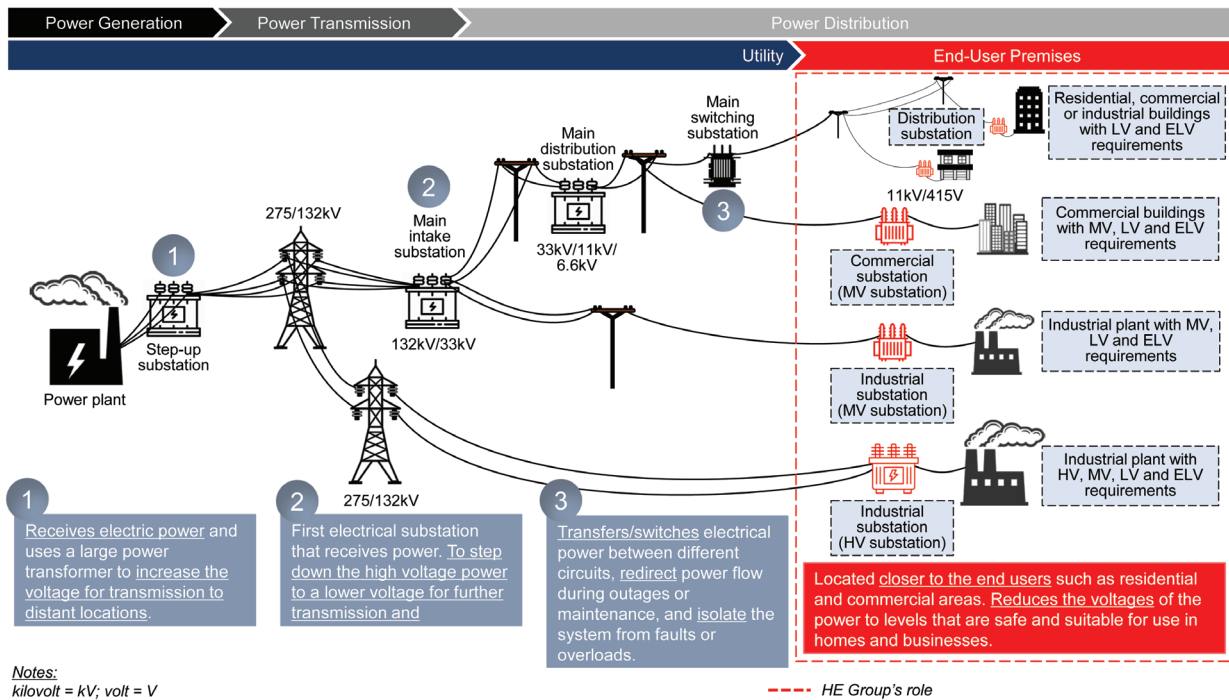
Our certifications as a Class A electrical contractor with Suruhanjaya Tenaga (or the Energy Commission) since 2007 and a Grade 7 (“**G7**”) Mechanical and Electrical (“**M&E**”) contractor with the Construction Industry Development Board (“**CIDB**”) since 2008 underscore our capability and credibility. As a Class A and G7 M&E contractor, we are strategically positioned to undertake projects of any size or value, reinforcing our commitment to excellence and scalability in meeting our clients’ needs.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

BUSINESS OVERVIEW (CONT'D)

OUR ROLE WITHIN THE POWER DISTRIBUTION SYSTEM VALUE CHAIN – WE PRIMARILY SERVICE THE END-USER PREMISES



Our business can be categorised as follows:

Power Distribution System

We provide power distribution systems tailored to the requirements of our end-user premises. These systems encompass a comprehensive network of electrical infrastructure, equipment, and components that effectively distribute and control electricity from the primary substation source to various loads within a facility. Through this process, the systems convert high voltage power into safer, lower voltages appropriate for powering machinery and devices, ensuring operational efficiency across a wide range of applications.

Our systems are further enhanced with integrated safety features, safeguarding both personnel and property while delivering consistent, high-quality power to meet our clients' needs with precision and dependability.



Power distribution system for a medical device manufacturing plant

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

BUSINESS OVERVIEW (CONT'D)

Other Building Systems and Works

We also provide other complementary works to our power distribution systems for end-user premises including the provision of other building systems and works such as mechanical systems, control and instrumentation solutions, as well as civil, structural and architectural works. Our architectural works centre on creating designs that prioritise functionality, optimise space usage, develop effective floor plans and enhance aesthetic value, ensuring a comprehensive and tailored response to our clients' project requirements.

Electrical Equipment Hook-Up and Retrofitting

This segment focuses on connecting plant and machinery, electrical equipment, and other related components to a power source, establishing a fully functional and cohesive system. Complementing our Power Distribution Systems segment, this service ensures that the systems we manage receive reliable power for safe and effective operation, seamlessly integrating with other machinery, equipment, and devices as required.

Additionally, we offer upgrades and modifications to electrical systems, enhancing performance and adaptability to meet evolving client needs, further strengthening the synergy between our core offerings.

Trading of Electrical Products

We are also involved in trading of electrical products such as power cables, metering panels, and a variety of power conditioning systems.



Power cables



Busway system

2024: A YEAR IN RETROSPECT

The International Monetary Fund ("IMF") estimated that the global gross domestic product ("GDP") growth stabilised at 3.2% in 2024, indicating a balanced yet restrained economic performance. The year began with a steady growth, fuelled by easing inflation, robust consumer spending and the gradual loosening of monetary policies in major economies. However, growth moderated towards the end of the year due to escalating geopolitical tensions, policy uncertainties from significant elections and increased trade restrictions among certain nations, which collectively dampened investment and consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

2024: A YEAR IN RETROSPECT (CONT'D)

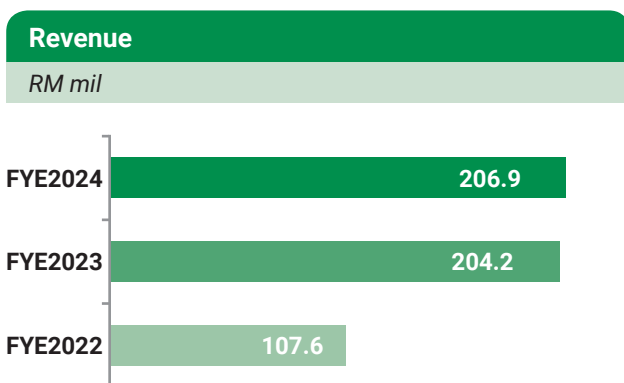
Our Malaysian economy fared comparatively well, achieving an estimated GDP growth of 5.1%, up from 3.6% in 2023. A significant driver of this performance was foreign direct investment (“FDI”), with approved investments reaching RM176.8 billion (2023: RM188.4 billion) or 46.6% (2023: 57.2%) of the total approved investments of RM379.4 billion (2023: RM329.5 billion), according to the Malaysian Investment Development Authority (“MIDA”). Key contributors included major commitments from global firms, particularly in technology and manufacturing, reinforcing Malaysia’s appeal as an investment hub. Economic stability was further supported by a resilient labour market, with unemployment steady at 3.3%.

However, challenges such as shifting global trade policies, geopolitical tensions and domestic subsidy adjustments introduced uncertainties, necessitating continued policy vigilance to sustain growth into 2025.

OUR FINANCIAL PERFORMANCE

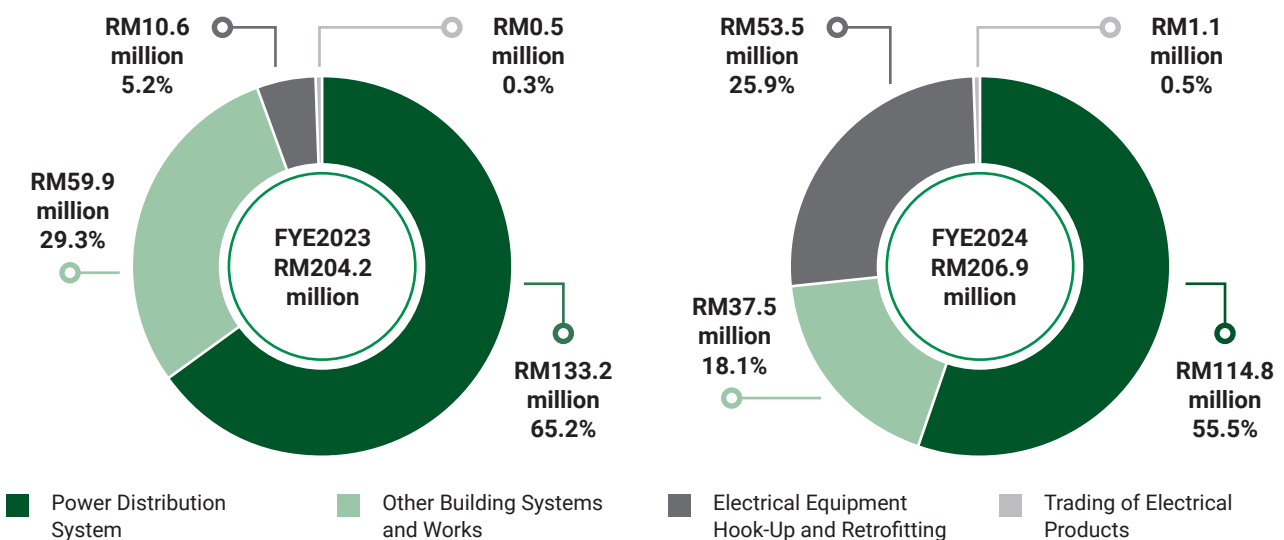
Financial Results

Despite navigating a challenging landscape marked by external pressures such as global trade risks and geopolitical tensions, we are pleased to report sustained growth in the financial performance for FYE2024.



We achieved a revenue of RM206.9 million, reflecting a year-on-year (“YoY”) increase of 1.3% from RM204.2 million in the previous financial year (“FYE2023”). This growth was mainly driven by increased contributions from the Electrical Equipment Hook-Up and Retrofitting segment, underscoring our ability to adapt and capitalise on key operational strengths amid a dynamic economic environment.

Revenue Breakdown



MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OUR FINANCIAL PERFORMANCE (CONT'D)

Financial Results (Cont'd)

In FYE2024, the Power Distribution System segment continued to serve as the Company's primary revenue driver, contributing RM114.8 million, or 55.5% of total revenue, compared to RM133.2 million in FYE2023. The Electrical Equipment Hook-Up and Retrofitting segment exhibited exceptional growth, increasing significantly to RM53.5 million from RM10.5 million in FYE2023, representing 25.9% of total revenue and reinforcing its rising significance to our portfolio. The Other Building Systems and Works segment generated RM37.5 million, or 18.1% of total revenue, down from RM59.9 million in FYE2023, while the Trading of Electrical Products segment added RM1.1 million, up from RM0.5 million in FYE2023, comprising the remainder of our revenue.

Income Statement Highlights	FYE2023 RM mil	FYE2024 RM mil	YoY changes
Revenue	204.2	206.9	▲ 1.3%
Gross Profit	24.5	31.4	▲ 28.2%
<i>Gross Profit Margin (%)</i>	12.0	15.2	
Other Income	0.8	1.8	▲ >100.0%
Administrative Expenses	(9.5)	(13.7)	▲ 44.2%
Net Reversal/(Loss) on Impairment on Financial Assets	(0.1)	0.1	▲ 100.0%
Finance Cost	(0.9)	(0.6)	▼ 33.3%
Profit Before Tax	14.8	19.0	▲ 28.4%
<i>Profit Before Tax Margin (%)</i>	7.3	9.2	
Tax Expense	(3.9)	(5.3)	▲ 35.9%
Effective Tax Rate (%)	26.1	27.9	
Profit After Tax	11.0	13.7	▲ 24.6%
<i>Profit After Tax Margin (%)</i>	5.4	6.6	

The Group's Gross Profit ("GP") rose substantially by 28.2% YoY, reaching RM31.4 million in FYE2024 from RM24.5 million in FYE2023. Concurrently, GP margin improved to 15.2% in the year under review, compared 12.0% in the prior year.

Reaching RM19.0 million, Profit Before Tax ("PBT") for FYE2024 demonstrated a strong 28.4% YoY increase from the RM14.8 million recorded in FYE2023. This expansion was driven by the growth in GP and was further bolstered by an increase in Other Income, which rose to RM1.8 million, exceeding the RM0.8 million reported in the previous financial year.

Consequently, the PBT margin also experienced a notable improvement, climbing to 9.2% in FYE2024 from 7.3% in FYE2023, reflecting enhanced operational efficiency and profitability.

FYE2024 saw a substantial increase in Profit After Tax ("PAT"), increasing to RM13.7 million, representing a 24.6% YoY growth. This positive momentum extended to the PAT margin, which also improved from 5.4% in FYE2023 to 6.6% in FYE2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OUR FINANCIAL PERFORMANCE (CONT'D)

Financial Position

Items	FYE2023 RM mil	FYE2024 RM mil	YoY changes
Total Assets	93.1	111.2	▲ 19.4%
Cash and Cash Equivalents*	22.9	57.7	▲ >100.0%
Total Liabilities	66.3	49.3	▼ 25.6%
Total Equity	26.8	61.9	▲ >100.0%
Total Borrowings	1.5	1.2	▼ 20.0%
Net Gearing Ratio #	Net cash	Net cash	n.a.

* Consists of cash and bank balances, fixed deposits placed with licensed bank and short-term investments.

Net Gearing Ratio = (Total Borrowings – Total Cash & Cash Equivalents) / Equity.

As at the end of FYE2024, our total assets stood at RM111.2 million, a 19.4% YoY increase from RM93.1 million in FYE2023. This growth was primarily due to a higher cash and cash equivalent position, alongside an increase in contract assets resulting from project completions.

Shareholders' equity increased to RM61.9 million from RM26.8 million in FYE2023, mainly due to the proceeds raised from our IPO and increased retained earnings.

Conversely, our total liabilities decreased by 25.6% YoY, falling to RM49.3 million from RM66.3 million in the prior year, driven largely by a reduction in contract liabilities. We concluded the current financial year under review in a net cash position, demonstrating continued financial stability.

Cash Flow and Capital Resources

Net Cash from/(used in)	FYE2023 RM mil	FYE2024 RM mil	YoY changes
Operating Activities	14.0	13.8	▼ 1.4%
Investing Activities	3.3	1.5	▼ 54.5%
Financing Activities	(9.0)	19.8	▲ >100.0%
Net Changes in Cash and Cash Equivalents	8.3	35.2	▲ >100.0%

HE Group's cash and cash equivalents more than doubled in FYE2024, reaching RM35.2 million. This significant increase resulted from a combination of factors across operating, investing and financing activities:

- Net Cash from Operating Activities declined marginally in FYE2024 mainly due to one-off listing expenses reclassified as other payables;
- FYE2024 recorded a lower Net Cash from Investing Activities as FYE2023 recorded a RM3.3 million proceeds from the disposal of a non-current asset held-for-sale, this specific inflow was absent in FYE2024; and
- A substantial RM19.1 million in Net Cash from Financing Activities was recorded in FYE2024 as compared to the RM9.0 million outflow in FYE2023. This positive shift was primarily driven by proceeds raised from the IPO.

MANAGEMENT DISCUSSION AND ANALYSIS

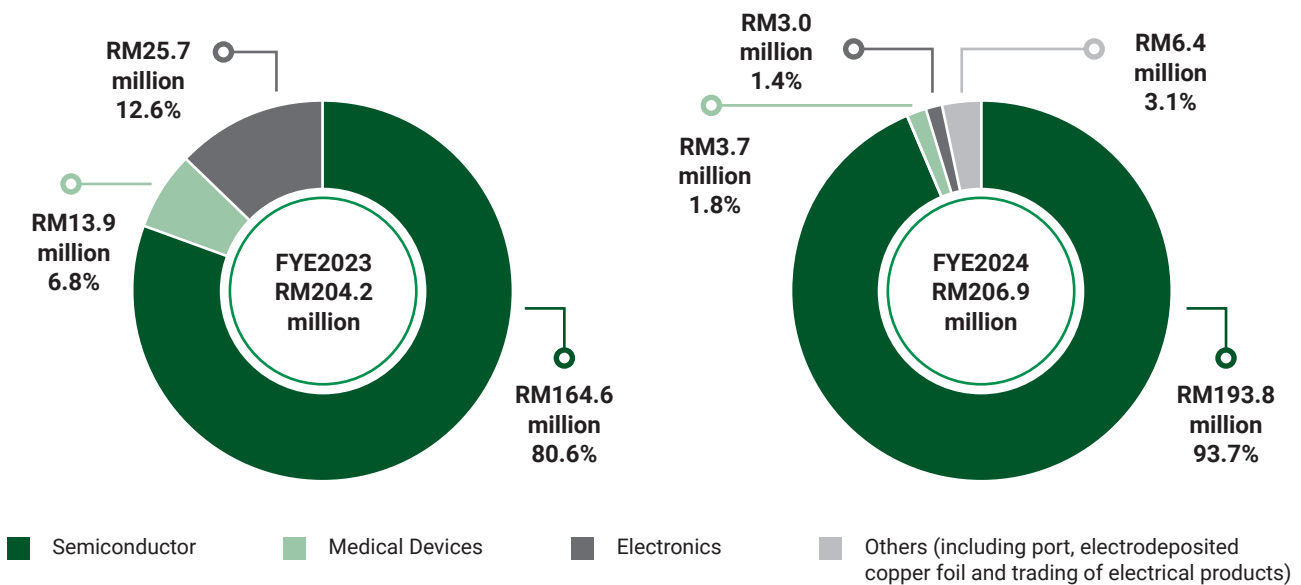
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OPERATIONAL REVIEW

Our Focus Industries

Understanding the critical need for uninterrupted power in high-value sectors, we deliver specialised electrical engineering solutions to a diverse range of Malaysian clients, including multinational corporations. Our focus on industries like semiconductor, medical devices and electronics drives us to design and implement sophisticated power distribution systems. These systems integrate precision electrical components and safety protocols to safeguard sensitive equipment and ensure reliable power supply, thus protecting both human personnel and physical assets.

Revenue Breakdown by End-User Industries



While our core expertise lies in critical sectors, we also extend our services to meet the diverse needs of clients in non-critical industries, such as commercial and residential developments, electrodeposited copper foil and port.

Contracts

During the year under review, we secured two significant contracts:

- i. On 30 January 2024, we were awarded with a RM34.8 million contract from a semiconductor component manufacturer for a low voltage power distribution system. The project, including design, supply, installation, testing, and commissioning, was completed by September 2024; and
- ii. On 10 September 2024, we secured a RM30.6 million contract from an engineering, procurement, and construction contractor to undertake the works of a 132-kilovolt power house for a semiconductor manufacturing plant construction in the Ulu Klang Free Trade Zone, Kuala Lumpur. The project is scheduled for completion by 1 July 2025.

Throughout FYE2024, HE Group successfully executed a substantial number of projects and work orders. The cumulative impact of these projects and work orders is reflected in the robust total revenue reported for FYE2024, demonstrating the breadth and consistency of our operational activities.

Looking ahead, HE Group remains actively engaged in identifying and pursuing potential projects through competitive tender processes. This proactive approach to replenishing our order book is essential to ensuring the long-term sustainability and continued growth of the Company. We are committed to maintaining a robust pipeline of projects, thereby securing our position in the market and delivering value to our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

RISKS AND MITIGATIONS

In response to the evolving challenges of the business landscape, HE Group prioritises strategic resilience. We establish and adhere to stringent risk tolerance parameters, enabling us to pre-emptively address potential disruptions. Through continuous assessment and proactive mitigation strategies, we ensure operational stability and protect our long-term growth trajectory.

Risks	Mitigations
<p><u>Operational Resilience</u></p> <p>HE Group's financial performance is intrinsically linked to the successful acquisition and execution of project-based contracts. Our revenue stream depends on a continuous pipeline of new projects, coupled with the effective management of ongoing operations. While meticulous planning precedes each project, unforeseen scope adjustments can arise during execution, potentially impacting project timelines and financial outcomes.</p>	<p>To mitigate these risks, we employ a multi-faceted approach. This includes rigorous pre-contract reviews to ensure comprehensive scope definition, proactive communication with clients to manage expectations and address potential changes early and the implementation of robust project management systems to track progress.</p> <p>Also, we actively replenish our order book through strategic tendering, building a sustainable and resilient project pipeline that safeguards our long-term stability.</p>
<p><u>Adverse Cost Fluctuations</u></p> <p>Project contracts typically stipulate fixed values, presenting a financial risk should costs unexpectedly escalate. This risk arises from the inherent time lag between initial cost estimation during tendering or quotation and final project completion, during which market conditions may shift.</p> <p>Furthermore, our operational costs are susceptible to a range of external factors, including commodity price volatility, inflationary pressures, material shortages, supply chain disruptions, and unforeseen project delays. In the event that these increased costs cannot be passed on to clients, HE Group may absorb the financial impact.</p>	<p>To manage the risk of costs fluctuations, we adopt a comprehensive cost estimation process that integrates a contingency allowance for labour and material cost increases during the tender-to-completion cycle to safeguard project profitability.</p> <p>Additionally, we actively monitor market and commodity price trends to facilitate necessary adjustments to our projections. Complementing this, we pursue contract negotiations that secure cost adjustments, and thus, mitigating potential financial exposure.</p>
<p><u>Subcontractor Reliance</u></p> <p>We incorporate the engagement of subcontractors for certain works, including mechanical, control & instrumentation, civil, structural and architectural works and the installation, testing and commissioning of power distribution systems. These costs normally represent more than 20.0% of our Cost of Sales.</p>	<p>We maintain a rigorous subcontractor selection process, covering both client-nominated and internally selected partners. We maintain a comprehensive pre-qualification system, evaluating potential subcontractors based on their track record, financial stability, and technical expertise. Regardless of the selection process, all subcontract agreements are carefully detailed, clearly defining scope, performance standards, payment terms, retention sums, and completion periods. This standardised approach, coupled with performance monitoring and diversification of our subcontractor base, ensures clear accountability, fosters competitive pricing and effectively mitigates potential risks associated with subcontractor performance throughout project lifecycles.</p> <p>As part of our strategic initiatives, HE Group is actively exploring avenues to expand our in-house capabilities. This endeavour aims to gradually reduce our reliance on subcontractors, enabling us to exert greater control over project execution and ultimately improve our financial performance.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

RISKS AND MITIGATIONS (CONT'D)

Risks	Mitigations
<p><u>Potential Delays</u></p> <p>Adherence to contractual project timelines is critical for HE Group. However, various factors can impede timely completion, including regulatory approval delays, engineering or site condition issues, material and labour shortages, and changes in government policies. These potential delays can lead to cost overruns and liquidated damages, which may adversely affect our financial performance and reputation.</p>	<p>To minimise project delays, HE Group implements detailed project planning, proactive regulatory engagement, and effective supply chain management. We maintain contingency plans and closely monitor policy changes. While we seek Extension of Time (“EOT”) for unavoidable delays, approval is not guaranteed. Therefore, we prioritise careful execution and clear client communication to minimise Liquidated Ascertained Damage (“LAD”) claims.</p>

OUTLOOK

Bank Negara Malaysia projects a stable and growing Malaysian economy in 2025, driven by strong domestic demand and supported by government policies. Employment and wage growth, alongside continued investment in key projects, will bolster household spending and economic activity. While exports face potential headwinds from global uncertainties, they will remain supported by the tech sector and tourism. Inflation is expected to remain manageable, with potential increases dependent on external economic factors and domestic policy impacts.

HE Group’s long-term outlook is positive, driven by sustained growth in key industries like semiconductors, data centres, and advanced manufacturing. Pro-investment policies, such as the New Investment Policy and the Industrial Master Plan 2030, coupled with the Johor-Singapore Special Economic Zone, are expected to catalyse growth and attract foreign investment. The increasing demand for high-tech manufacturing facilities, driven by global supply chain realignments and digital transformation, presents significant opportunities.

HE Group is strategically positioned to leverage on these growth opportunities by expanding our expertise in electrical engineering. With a strong track record in delivering integrated engineering solutions, we are well-positioned to capture the rising demand for critical infrastructure projects, particularly within semiconductor and data centre industries. While macroeconomic headwinds, including the ongoing trade tensions and the reciprocal tariff imposed by United States Government on Malaysia exports (currently exempting semiconductors), may potentially influence client investment decisions and the performance of relevant end-user industries. We are proactively managing these risks through disciplined cost control, operational efficiency enhancement, and financial resilience strategies, ensuring a positive outlook for 2025 while remaining vigilant to potential shifts in the global trade landscape.

DIVIDEND

While we do not have a fixed dividend policy, we are committed to rewarding our shareholders. Dividend declarations are contingent upon several factors, including the availability of distributable reserves, operational cash flow needs, existing financial obligations, and strategic expansion plans, all of which are assessed to ensure the long-term sustainability and growth of our operations.

The Board has recommended a single-tier dividend of 0.45 sen per share in respect of FYE2024, representing approximately 14.5% of the PAT, subject to shareholders’ approval at the upcoming Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

APPRECIATION

We are deeply appreciative of the Board of Directors' (the "**Board**") insightful leadership and consistent guidance throughout FYE2024. Their strategic vision and sound decision-making were instrumental in achieving our positive performance this year, establishing a solid foundation for future progress.

The achievements of this year are also a direct result of the dedication and collaborative spirit of our management team and staff. Their efforts, coupled with their ability to adapt and overcome challenges, have been fundamental to our success. We also deeply appreciate the trust and support of our shareholders, customers, suppliers, business partners, financiers, and all those who have contributed to our progress.

Additionally, the Board is pleased to welcome Mr. Tang Kok Wai as an Executive Director. His extensive experience and proven track record in successfully managing significant projects within HE Group have been invaluable to our growth. We are confident that his expanded role will further contribute to our strategic objectives and operational excellence.

Looking ahead, we are passionately committed to pursuing sustainable growth opportunities amidst the evolving business landscape. We are driven by a steadfast dedication to upholding the highest standards of economic, environmental, social, and governance principles across all facets of our operations, ensuring we create lasting value for all stakeholders.

Sincerely,

MR. HAW CHEE SENG
Managing Director

BOARD OF DIRECTORS' PROFILE



DATUK CHRISTOPHER WAN SOO KEE

*Independent
Non-Executive Chairman*

Nationality

Malaysian

Gender

Male

Age

74 years old

Datuk Christopher Wan Soo Kee was appointed to the Board on 26 May 2023.

He graduated from the Royal Melbourne Institute of Technology, Australia with a Bachelor in Business (Business Administration) in 1997. He subsequently completed his Master of Business Administration in Training and Human Resource Development from Newport University, United States of America in 1999.

He began his career with the Royal Malaysia Police in 1969 as an Inspector where he served as the Special Branch Officer and his duties were primarily on intelligence procurement. He rose through the ranks over the years and held the rank of Superintendent by 1992 before he was promoted to Assistant Commissioner of Police and served as Deputy Director of Management in 1997. In 2000, he was promoted to Senior Assistant Commissioner II and was made Head of Special Branch in Kuala Lumpur. In 2002, he was promoted to Senior Assistant Commissioner I and became the Chief Police Officer of Melaka. He was then promoted to Deputy Commissioner of Police and was assigned to be the Chief Police Officer of Penang in 2005. In 2006, he was made Commissioner of Police and was appointed as the Director of the Criminal Investigation Department in charge of national criminal investigation.

He retired from the Royal Malaysia Police in 2007 after 38 years of service. He was conferred the Panglima Jasa Negara (PJN) in 2007 by the Yang-di-Pertuan Agong in recognition of his service to the country.

After his retirement, he was appointed as a member of the Election Commission of Malaysia as Commissioner in 2008 and he subsequently retired in 2017. He was also an International Election Observer and has been invited to observe multiple elections including the Mozambique General Elections (2009), Australian General Elections (2010), Kyrgyzstan Parliamentary Elections (2015) and South Korean Legislative Election (2016). He currently is a Director of Development at Mestari Adjusters Sdn. Bhd., a company involved in the provision of services as insurance adjusters and investigators where he provides advice and support on business development and acts as liaison with Government departments and agencies. He is also an Independent Non-Executive Director of Oriental Kopi Holdings Berhad.

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

BOARD OF DIRECTORS' PROFILE

(CONT'D)



Haw Chee Seng was appointed to the Board on 2 May 2023 and was re-designated to his current position on 29 May 2023. He is responsible for the overall business strategic direction of our Group, driving the business development and marketing of our Group as well as overseeing the technical aspects of the projects undertaken by our Group. He is also the major shareholder of the Company.

He obtained an Engineering Diploma from Midas Institute of Technology, Malaysia.

He started as a Wiring Technician at Hexatech Sdn. Bhd. in 1997. He left Hexatech Sdn. Bhd. in 2003, and became a Project Executive at Hexatech Engineering Sdn. Bhd., later becoming a director in 2005, where he oversaw the business development aspects of the company and still holds the position to date.

In 2006, while he was a director at Hexatech Engineering Sdn. Bhd., which was transitioning to become a Class A electrical contractor with Energy Commission, he also served as an Assistant Project Manager at Pembinaan & Kejuruteraan Hexa Sdn. Bhd. (now known as Mepcon Sdn. Bhd.).

After acquiring shares in Hexatech Engineering Sdn. Bhd. in 2006, he left Pembinaan & Kejuruteraan Hexa Sdn. Bhd. and returned to Hexatech Sdn. Bhd. as an Assistant Project Manager for 8 months in 2007. He then focused on being a director at Hexatech Engineering Sdn. Bhd., where he developed its business operations and strategies. Throughout his career, he played a key role in expanding our Group's industries and market presence.

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



HAW CHEE SENG
<i>Managing Director</i>

- Nationality
▾
Malaysian
- Gender
▾
Male
- Age
▾
47 years old



BOARD OF DIRECTORS' PROFILE

(CONT'D)



Eng Choon Leong was appointed to our Board on 2 May 2023 and was re-designated to his current position on 29 May 2023. He is responsible for the overall business operations of our Group, including project tendering, project engineering and management, costing and overseeing the finance and human resource departments of our Group. He is also the major shareholder of the Company.

He obtained an Engineering Diploma in Electrical Engineering from the Federal Institute of Technology, Malaysia in 1995, and a Full Technological Certificate for Electrical Engineering Technicians from the City and Guilds of London Institute, United Kingdom in 1995.

Starting as a Junior Site Supervisor at Hexatech Engineering Sdn. Bhd. in 1995, he transitioned through various roles, including Project Executive at Hexatech Sdn. Bhd. (now known as Galaxy Quantum Vision Sdn. Bhd.), Contracts Executive at M&E Hexatech Sdn. Bhd., and Operations Manager at Hexatech Engineering Sdn. Bhd. He managed project planning, supervision, costing, and procurement across these positions.

In 2006, he acquired shares in Hexatech Engineering Sdn. Bhd. and became its director, overseeing the Group's operations to date.

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



ENG CHOON LEONG
Executive Director

- Nationality
▾
Malaysian
- Gender
▾
Male
- Age
▾
52 years old



BOARD OF DIRECTORS' PROFILE

(CONT'D)



Tang Kok Wai was appointed to our Board on 2 September 2024 and is responsible for overseeing the engineering and technical aspects of our Group's projects.

He started his career in 1997, obtaining a Certificate in Electrical Engineering (Power) from Port Dickson Polytechnic before joining Siemens Components (Advanced Technology) Sdn. Bhd. as a Quality Technician. He later pursued further studies, earning a Diploma in Electrical Engineering (Power Electronics and Control) in 1998. He then worked as a Technician at Techsu Steel Corporation Sdn. Bhd. until 2000, when he enrolled at Universiti Teknologi Malaysia and graduated with a Bachelor of Electrical & Electronic Engineering in 2004.

Upon graduation, he joined Hexatech Sdn. Bhd. (now known as Galaxy Quantum Vision Sdn. Bhd.) as a Project Engineer and progressed to Assistant Manager in 2005. After a stint at Hexatech Building Services Sdn. Bhd. (now known as Helios Energy International Sdn. Bhd.) ("**HBS**"), where he became Project Manager and later Director, he transitioned to Hexatech Energy Consolidated Sdn. Bhd. ("**HEC**") as a Project Director in 2012, focusing on project tendering and contract negotiations. He later returned to HBS before rejoining HEC as a Project Director in 2017. In 2022, he assumed the role of Project Director at Hexatech Engineering Sdn. Bhd., and was re-designated as the Project and Technical Director in 2023.

He attended one (1) Board meeting held during the financial year ended 31 December 2024 since he was appointed to the Board on 2 September 2024.



TANG KOK WAI
<i>Executive Director</i>

- Nationality
▾
Malaysian
- Gender
▾
Male
- Age
▾
48 years old



BOARD OF DIRECTORS' PROFILE

(CONT'D)



<p>ANDREA HUONG JIA MEI</p> <p><i>Independent Non-Executive Director</i></p>

- Nationality
▼
Malaysian
- Gender
▼
Female
- Age
▼
43 years old

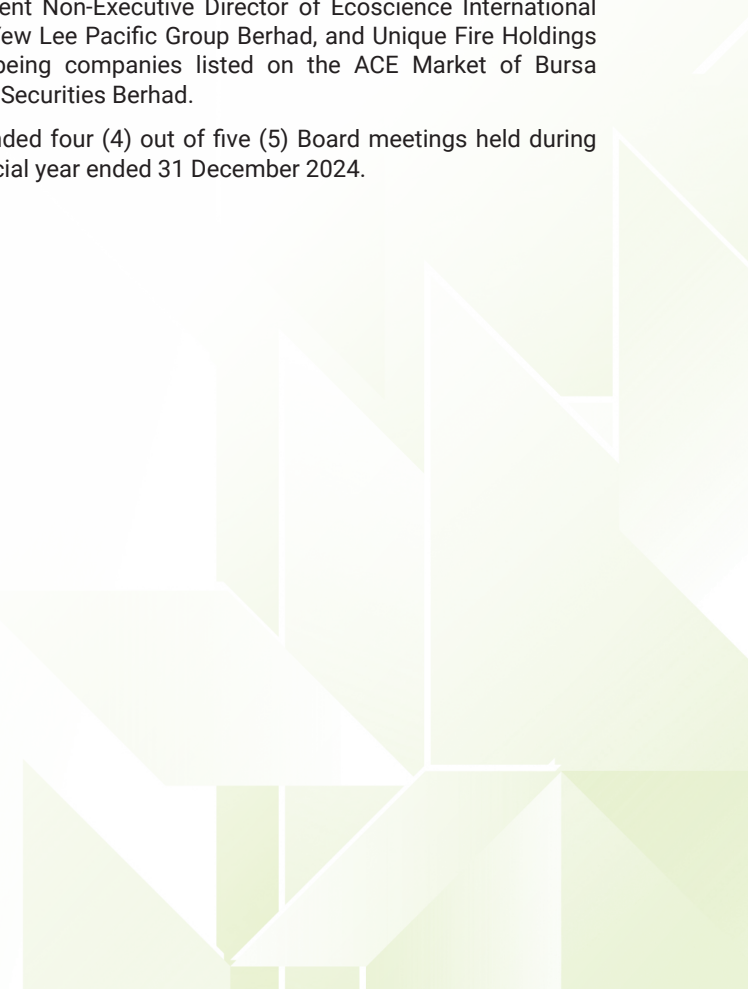
Andrea Huang Jia Mei was appointed to our Board on 26 May 2023. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

She completed her Diploma in Commerce (Financial Accounting) in 2003 and obtained an Advanced Diploma in Commerce (Financial Accounting) in 2005 from Tunku Abdul Rahman College, Malaysia (now known as Tunku Abdul Rahman University College). She became a member of the Association of Chartered Certified Accountants (“**ACCA**”), United Kingdom in 2011. She has been a Chartered Accountant of the Malaysian Institute of Accountants (“**MIA**”) since 2018.

She started her career as an Audit Assistant with Sha, Tan & Co in 2005, and was promoted to Audit Semi-Senior in 2007. She was subsequently promoted and held the post of Audit Senior between 2008 and 2011, where she was responsible for audit assignments of private and public listed companies. Between 2011 to 2014, she was on a career break. In 2014, she was appointed as a director of T&S Secretarial Services Sdn. Bhd. and held this directorship until 2021. T&S Secretarial Services Sdn. Bhd. is involved in the provision of secretarial and management services.

She is currently a director of T&S Boardroom Sdn. Bhd., a company which provides secretarial support services and a director of SocialGreen Governance Sdn. Bhd., a company providing internal control review and sustainability review services. She is also a director of several private limited companies providing secretarial, tax, accounting and consultancy services. She is also currently an Independent Non-Executive Director of Ecoscience International Berhad, Yew Lee Pacific Group Berhad, and Unique Fire Holdings Berhad, being companies listed on the ACE Market of Bursa Malaysia Securities Berhad.

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



BOARD OF DIRECTORS' PROFILE

(CONT'D)



**IR. DR. NG
KOK CHIANG**

*Independent
Non-Executive Director*

Nationality

▼
Malaysian

Gender

▼
Male

Age

▼
44 years old

Ir. Dr. Ng Kok Chiang was appointed to our Board on 26 May 2023. He is the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee.

He obtained his Bachelor of Engineering (Electrical and Electronics Engineering) with first class honours and Bachelor of Commerce majoring in Accounting, Managerial Accounting, and Finance (Investment) from the University of Western Australia, Australia. He also holds a Doctor of Philosophy in Engineering (Research) from the University of Nottingham, United Kingdom.

He is a Professional Engineer with Practising Certificate (Electrical) registered with the Board of Engineers, Malaysia since 2011, a Corporate Member (Electrical) of The Institution of Engineers Malaysia since 2011. He is also a Chartered Engineer registered with the Engineering Council of United Kingdom since 2014, and a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom since 2014. Since 2012, he has been a Professional Member of the Malaysia Green Building Confederation (now known as the Malaysia Green Building Council) and registered as a Green Building Index Facilitator with the Green Building Index Accreditation Panel of Malaysia. In 2024, he was honoured with the prestigious distinction of being named a Fellow of the Institution of Engineers, Malaysia ("IEM"), recognising his significant contributions and expertise in the field.

He holds the esteemed title of ASEAN Engineer, duly registered with the ASEAN Federation of Engineering Organisation Board ("AFEO"). Additionally, he has been an active member of the Malaysian Alliance of Corporate Directors ("MACD") since 2021 and the Institute of Corporate Directors Malaysia ("ICDM") since 2023.

He also serves as an Industrial Advisory Board Member for Heriot-Watt University, Malaysia Campus; Sunway University; and the University of Nottingham, Malaysia Campus. Additionally, he held the position of Assistant Honorary Secretary of The Electrical and Electronics Association of Malaysia ("TEEAM") from 2019 to 2021, before serving as Honorary Secretary from 2021 to 2023. In 2023, he was elected Vice President of TEEAM for the 2023 to 2025 term.

He has extensive experience in research and project management of properties and projects in a wide range of areas which include electrical engineering and implementation of new innovations. He took up the role of Consulting Engineer in ZED-G&P Sdn. Bhd., an engineering consultancy company involved in green technology and building consultancy from 2010 to 2011. Thereafter, he joined MyBig Sdn. Bhd., an engineering research company. As Chief Technology Officer of MyBig Sdn. Bhd., a position he still holds to-date, he is responsible for the management of research projects, creation and protection of the company's intellectual properties, implementation of new innovations in the development of prototypes, and supervision of engineers and researchers under his care.

He is the director of two engineering consultancy firms, Wee Engineers (registered with the Board of Engineers Malaysia) and Wee Consulting Engineers Sdn. Bhd., where he oversees consultancy for various engineering projects. He currently serves as an Independent Non-Executive Director for ACO Group Berhad, listed on the ACE Market; and Samaiden Group Berhad, listed on the Main Market of Bursa Malaysia Securities Berhad.

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

BOARD OF DIRECTORS' PROFILE

(CONT'D)



CHRISTINE TOH HUNG MEI

*Independent
Non-Executive Director*

Nationality

Malaysian

Gender

Female

Age

44 years old

Christine Toh Hung Mei was appointed to our Board on 26 May 2023. She is the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee.

She graduated from Monash University with a Bachelor of Commerce and Bachelor of Business Systems in 2004 and was admitted as a member of the ACCA in 2009. She also obtained a Bachelor of Laws (Hons) from the University of London (External) in 2012 and completed her Certificate of Legal Practice in 2013. She is currently a Fellow of the Chartered Institute of Arbitrators.

She began her career in BDO McCabe Lo Ltd in Hong Kong in 2006 as an Associate. She left BDO McCabe Co Ltd and joined BDO Binder in Malaysia as an Assistant Manager in 2008 where she focused on external audit. In 2009, she left BDO Binder and joined BDO Consulting Sdn. Bhd. as Assistant Manager where she was in charge of internal audit for listed companies. In 2010, she left BDO Consulting Sdn. Bhd. and joined Prestar Precision Tube Sdn. Bhd. as an Assistant Accounts Manager where she was responsible for the submission of financial reports, preparing annual budgets and assisting with the company's internal and external reporting requirements. During her tenure with Prestar Precision Tube Sdn. Bhd., she was studying for her Bachelor of Laws on a part-time basis. Upon obtaining her Bachelor of Laws in 2012, she left Prestar Precision Tube Sdn. Bhd. and commenced her pupillage at Vin & Isaac Lee in 2013. She was called to the Malaysian Bar in 2014 and thereafter continued as an Associate in Vin & Isaac Lee. She left Vin & Isaac Lee in 2016 to join MahWengKwai & Associates as a Legal Assistant and was promoted to Senior Associate in 2018 before being made a Partner in 2019. In 2023, she left MahWengKwai & Associates to set up her own firm, Christine Toh & Co where she currently holds the position of Managing Partner. Her primary practice areas include construction disputes, matrimonial disputes and general litigation. She is also an Independent Non-Executive Director of Sorento Capital Berhad and WTEC Group Berhad.

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

Notes:-

1. None of the Directors have any family relationship with any Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiary except as disclosed in the Notes of the Financial Statements of this Annual Report and the recurrent related party transactions disclosed in the Circular to shareholders dated 30 April 2025.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year 31 December 2024, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors have any other directorship in public companies and listed issuers.

PROFILE OF KEY SENIOR MANAGEMENT

LIM SOO CHENG

Chief Financial Officer

Nationality



Malaysian

Gender



Female

Age



52 years old



With over two decades of experience, Lim Soo Cheng holds multiple professional qualifications including a member of the Malaysian Institute of Accountants, a fellow Member of the Association of Chartered Certified Accountants, a Chartered Secretary of the Institute of Chartered Secretaries and Administrators, a member of the Company Secretaries Practice Group of the Malaysian Institute of Chartered Secretaries and Administrators, a Chartered Governance Professional, and a Certified Financial Planner from the Financial Planning Association of Malaysia.

Her career journey began in 1996 as an Administration Officer at Purnama Prima Sdn. Bhd. From there, she progressed through various roles such as Accounts Executive at Kestrel Securities Sdn. Bhd., and Finance and Administrative Manager at Hexatech Sdn. Bhd. In 2008, she joined Hexatech Energy Consolidated Sdn. Bhd. as Finance and Administrative Manager, later rising to the position of Financial Controller. Transitioning to Hexatech Engineering Sdn. Bhd. in 2022, she now serves as Financial Controller, overseeing finance, accounts, tax, legal, and company secretarial functions.

In 2023, she was redesignated as the Chief Financial Officer of the Group, leading the finance, accounts, tax, legal, and company secretarial functions.

SENG KENG THENG

Finance and Credit Manager

Nationality



Malaysian

Gender



Male

Age



54 years old



Seng Keng Theng obtained a Diploma in Accounting from RIMA College, Malaysia in 1993.

His career began as an Accounts Clerk at Hexatech Sdn. Bhd. in 1995, where he managed accounting tasks. He later moved to Logikontrol Sdn. Bhd. and then to Del-Flow Marketing Sdn. Bhd., handling accounts and finance responsibilities. Returning to Hexatech Sdn. Bhd. in 2004, he resumed his role as an Accounts Executive. After a few transitions, he joined Hexatech Engineering Sdn. Bhd. in 2007 as an Assistant Manager, rising to Finance Manager in 2010, overseeing finance and administrative matters.

In 2023, he was redesignated as the Finance and Credit Manager of our Group and is in charge of the finance, credit control and administrative matters of our Group.

PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

CHUA GEOK PING

Human Resources Manager

Nationality

Malaysian

Gender

Female

Age

51 years old

Chua Geok Ping obtained her Professional Diploma in Entrepreneurship & Management from Entrepreneurship Institute International, Malaysia.

Starting her career in 1993 as a Consignment Clerk at Emporium Formosa Sdn. Bhd., she handled accounting entries and administrative tasks. Over the years, she held roles such as Accounts Clerk at various companies including Hanjo Holding Sdn. Bhd. and Hexatech Sdn. Bhd. In 2007, she was promoted to Senior Accounts Executive at Hexatech Energy International Sdn. Bhd., overseeing accounts and payroll. Transitioning to Hexatech Energy Consolidated Sdn. Bhd. in 2013 as a Human Resources Manager, she managed various human resource functions. Joining Hexatech Engineering Sdn. Bhd. in 2022 as a Human Resources Manager, she continues her human resource management responsibilities, overseeing the human resource department including managing employee life cycles, developing recruitment and retention strategies as well as overall recruitment and employee management.

In 2023, she was redesignated as the Human Resources Manager of our Group and is in charge of the human resources department of our Group.

Notes:-

1. None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of the Company.
2. None of the key senior management personnel have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiary.
3. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year 31 December 2024, other than for traffic offences (if any).
4. None of the key senior management personnel have any directorship in public companies and listed issuers.

SUSTAINABILITY STATEMENT

HE Group Berhad ("HE Group") recognises sustainability as essential to our operations and long-term success. As one of the leading electrical engineering service providers in Malaysia, we are committed to delivering turnkey power distribution solutions that seamlessly integrate client needs, national development goals, and sustainable practices, thereby contributing to a more resilient and responsible future.

ABOUT THIS STATEMENT

HE Group is committed to new standards of stakeholder value and sustainability in the electrical engineering sector. Following our successful listing on the ACE Market of Bursa Malaysia Securities Berhad in January 2024, we have conducted a rigorous sustainability assessment and are actively deploying concrete strategies to capitalise on opportunities and mitigate key risks, ensuring measurable and positive outcomes.

Scope and Boundary

This Sustainability Statement ("SS2024") covers the business operations and activities of various segments of HE Group and its wholly owned subsidiary, Hexatech Engineering Sdn. Bhd. operating in Malaysia (the "Group").

Reporting Period

This SS2024 reports on the Group's sustainability-related risks, opportunities, data, and activities from 1 January 2024 to 31 December 2024 ("FYE2024").

Reporting Cycle

Annually, coinciding with our financial reporting period.

Reporting Guidelines

This SS2024 was prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the Malaysian Code on Corporate Governance 2021. Anticipating the upcoming transition to the National Sustainability Reporting Framework, we also referenced the IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information and IFRS S2 Climate-Related Disclosures. Additionally, we considered the principles of the Global Reporting Initiative and FTSE4Good to enhance stakeholder engagement further.

The SS2024 has been internally reviewed and approved by HE Group's Board of Directors on 16 April 2025. The accuracy of information and data disclosed in SS2024 has been verified by respective data owners within the Group.

Feedback and Inquiries

We welcome your feedback. Please write to us at ir@hexatech.com.my.

SUSTAINABILITY STATEMENT

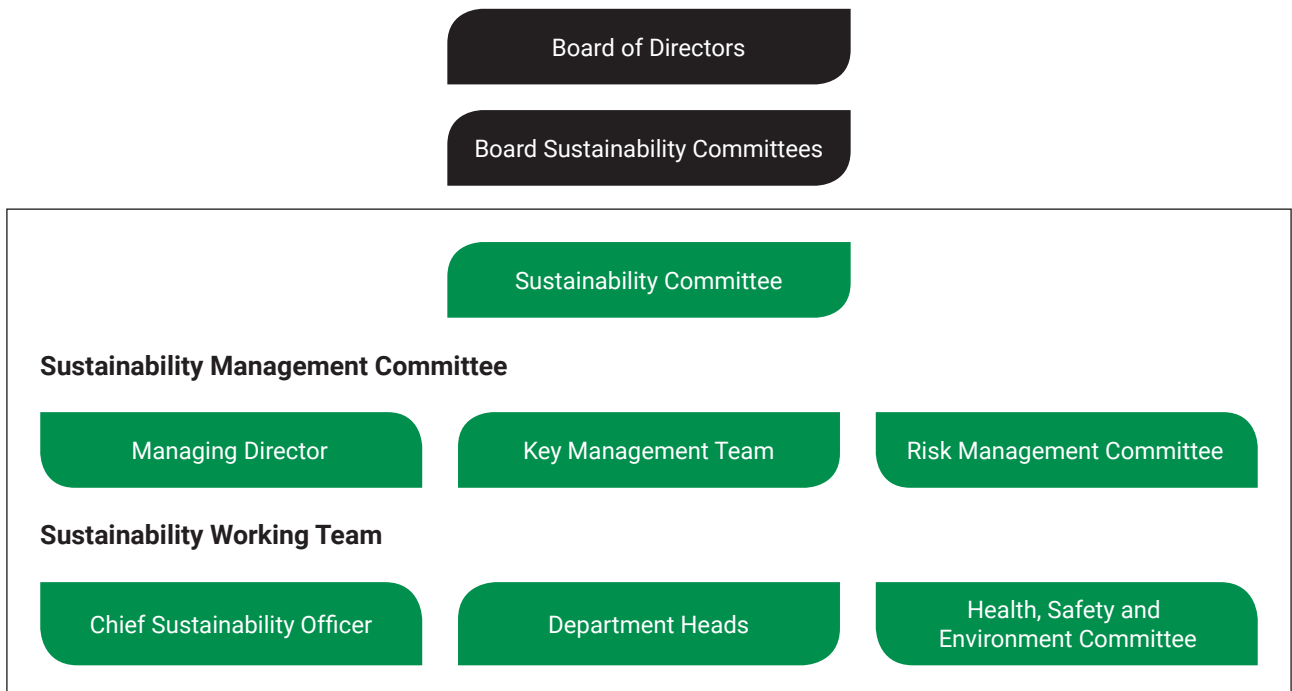
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OUR APPROACH TO SUSTAINABILITY

HE Group's sustainability commitment is fuelled by competent leadership and a robust governance structure that oversees and directs its initiatives. In response to market complexities, we proactively engage stakeholders through regular dialogue. These interactions provide critical insights into concerns, expectations, and emerging trends, enabling us to strategically align our efforts with evolving industry standards and societal needs, whilst mitigating risks and capitalising on opportunities.

HE Group utilises a comprehensive sustainability framework to measure, monitor, and improve our sustainability performance. This framework is central to our commitment to driving positive changes, fostering innovation, and integrating sustainability into all operations. By prioritising continuous improvement, we aim to deliver measurable and sustainable value for our business and the communities we serve.

SUSTAINABILITY GOVERNANCE



HE Group's sustainability governance is spearheaded by the Board and senior management, who are accountable for formulating and executing our sustainability strategy. This structure ensures a strong alignment between our strategic decisions and sustainability commitments. The following provides an overview of the structure of this governance framework.

Board of Directors

- Provides strategic guidance and oversight for HE Group's sustainability initiatives, encompassing the development of the overall sustainability strategy and targets, the materiality assessment process, and the identification of climate-related risks and opportunities.
- Ensures the holistic integration of sustainability principles across all operational areas, fostering a robust sustainability culture throughout HE Group.

SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

Board Sustainability Committee (“BSC”)

HE Group’s BSC consists of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Their respective roles and functions are as follows:

Audit and Risk Management Committee

- Evaluates and reviews the development and execution of HE Group’s sustainability vision, strategy, framework, initiatives, policies, and practices. It focuses on identifying and maximising opportunities for strategic alignment with broader operations and business objectives.
- Conducts thorough assessments of HE Group’s sustainability framework and key issues, ensuring alignment with emerging local and global trends, whilst carefully considering resource and capability feasibility.
- Assists the Board in the preparation of the Sustainability Statement for the Annual Report and facilitates the assurance process, ensuring accuracy and transparency.

Remuneration Committee

- Ensures that executive compensation and incentive structures are aligned with sustainable and responsible business practices, fostering accountability for long-term value creation.

Nomination Committee

- Manages the selection and nomination process for new Board members, emphasising inclusive representation through diversity in skills, gender, knowledge, expertise, experience, age and cultural backgrounds.

Sustainability Committee

HE Group’s Sustainability Committee consists of the Sustainability Management Committee (“**SMC**”) and the Sustainability Working Team (“**SWT**”), both of which report periodic updates on HE Group’s sustainability progress to the Board.

The SMC, under the leadership of the Managing Director, is accountable for the effective implementation of Board-approved sustainability strategies. Its responsibilities also include:

- Evaluating the performance and adequacy of resources dedicated to sustainability compliance, recommending improvements and ensuring alignment between our sustainability policies, strategies, and targets.
- Ensuring that sustainability risks are accurately represented and integrated into HE Group’s overall risk profile.
- Overseeing stakeholder engagement and ensuring the implementation of responsive mechanisms for handling sustainability-related grievances.
- Identifying material sustainability risks and opportunities, and strategically monitoring the efficacy of the actions taken to address them.

The SWT, led by the Chief Sustainability Officer and comprising Department Heads and the Health, Safety and Environment (“**HSE**”) Committee, collaboratively ensures the effective execution of sustainability initiatives across operations. The HSE Committee facilitates cross-functional collaboration to identify and manage material sustainability risks and opportunities, directs stakeholder engagement, performs materiality assessments, and provides reports to the SMC.

SUSTAINABILITY STATEMENT

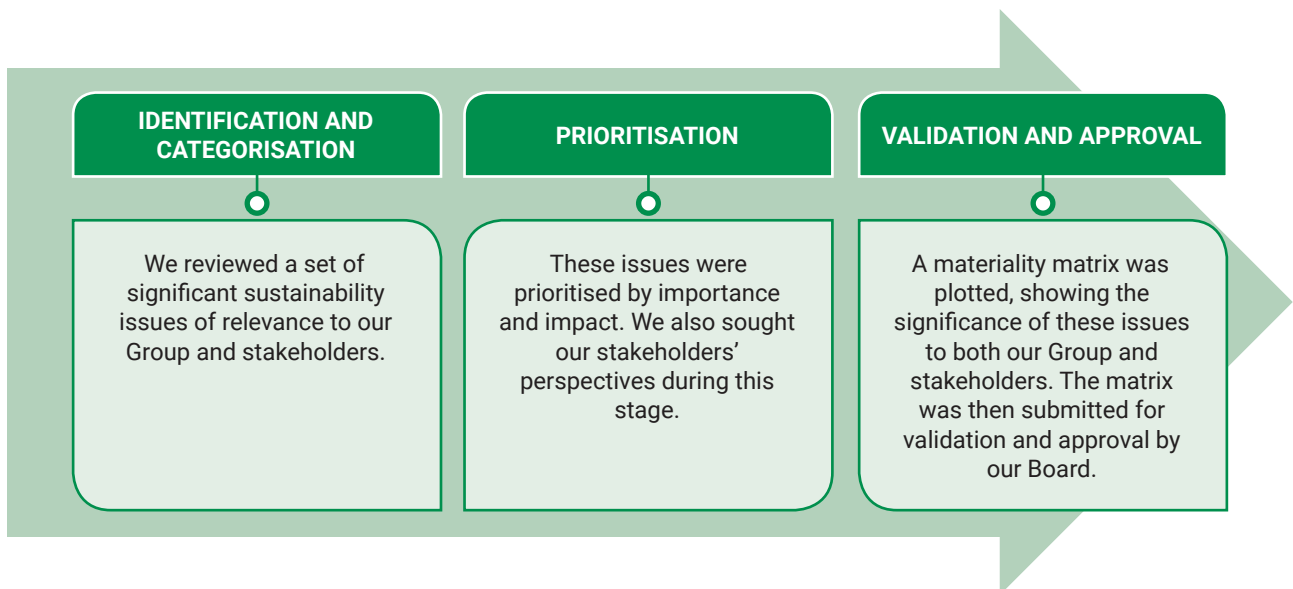
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MATERIALITY ASSESSMENT

Materiality assessments facilitate data-driven decision-making by identifying and evaluating key sustainability risks and opportunities. Proactive stakeholder engagement yields valuable insights, empowering HE Group to address stakeholder concerns and foster collaborative, sustainable growth.

Materiality Process

In the reviewed fiscal year, HE Group undertook a systematic materiality assessment to pinpoint the most significant sustainability issues for us and our stakeholders. The process for identifying and prioritising these key matters consisted of the following steps:



Materiality Matrix



Material Matters

Economic

- MM 1 : Sustainable Economic Performance
- MM 2 : Supply Chain Management
- MM 3 : Customer Satisfaction

Health, Safety and Environment

- MM 4 : Climate Change and Emissions
- MM 5 : Waste Management
- MM 6 : Health and Safety

Social

- MM 7 : Data Privacy and Cybersecurity
- MM 8 : Labour Practices and Standards
- MM 9 : Corporate Social Responsibility

Governance

- MM 10 : Business Ethics and Corporate Governance

SUSTAINABILITY STATEMENT

(CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

Materiality Matrix (Cont'd)

This matrix provides a visual representation of our 10 material sustainability risks and opportunities based on priority. Issues positioned in the upper-right quadrant are deemed most significant by both HE Group and our stakeholders. Our top five material issues, as identified through this assessment, are MM3: Customer Satisfaction, MM6: Health and Safety, MM7: Data Privacy and Cybersecurity, MM8: Labour Practices and Standards, and MM10: Business Ethics and Corporate Governance.

Though issues such as MM4: Climate Change and Emissions and MM5: Waste Management, located in the lower-left quadrant of the matrix, are currently considered less material, we continue to allocate resources for their proactive management. Recognising the importance of long-term sustainability, we prioritise continuous improvement in these areas, even though our operations currently have a limited impact on waste and energy consumption.

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

To ensure HE Group's enduring success, we employ sustainability risk management to proactively identify, assess, and mitigate risks, whilst capitalising on emerging opportunities. This approach empowers us to effectively address sustainability challenges, optimise risk management, and maximise positive impacts. By embedding sustainability into our risk management processes, we enhance resilience, build stakeholder confidence, and promote sustainable growth.

The table below outlines our identified sustainability-related risks and the corresponding opportunities we leveraged to create value for our stakeholders.

Material Matters	Risks	Opportunities
ECONOMIC		
MM1: Sustainable Economic Performance	Neglecting sustainability factors poses a risk to financial returns and can lead to missed opportunities for generating long-term value.	Embedding sustainability into economic performance allows HE Group to strengthen business resilience, attract responsible investment, unlock operational efficiencies, and gain a competitive edge.
MM2: Supply Chain Management	Negative actions within the supply chain can damage HE Group's reputation and erode stakeholder trust.	Integrating sustainability practices into our supply chain by prioritising responsible supplier selection and building long-term collaborative relationships enhances supply chain resilience, promotes ethical sourcing, and strengthens our reputation as a responsible business partner.
MM3: Customer Satisfaction	Unmet customer expectations lead to dissatisfaction, negatively impacting customer confidence and revenue.	Consistently exceeding customer expectations cultivates strong loyalty and fuels sustainable business growth.

SUSTAINABILITY STATEMENT

(CONT'D)

MATERIALITY ASSESSMENT (CONT'D)

SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES (CONT'D)

Material Issues	Risks	Opportunities
HEALTH, SAFETY AND ENVIRONMENT		
MM4: Climate Change and Emissions	Inadequate climate change mitigation and emissions management can lead to regulatory penalties, reputational harm, and significant disruptions to HE Group's supply chain and operational continuity.	Reducing greenhouse gas ("GHG") emissions across HE Group and supply chain operations aligns with nationally determined contribution targets, enhances operational efficiency, and positions us as a proactive contributor to climate action.
MM5: Waste Management	Non-compliance with waste management best practices may lead to legal penalties and reputational damage.	Good waste management improves HE Group's environmental reputation and attracts eco-conscious stakeholders.
MM6: Health and Safety	Workplace health and safety incidents reduce productivity, harm reputation, create legal risks and negatively impact employee morale.	Upholding rigorous health and safety standards enhances employee well-being, minimises absenteeism, reduces medical and insurance expenditures, and contributes to a positive and safe company culture.
SOCIAL		
MM7: Data Privacy and Cybersecurity	Inadequate data privacy and cybersecurity protocols expose HE Group to significant vulnerabilities, including data breaches, legal liabilities, reputational damage, and loss of customer trust.	Robust data protection for customers and stakeholders enhances brand reputation, ensures regulatory compliance, and provides a competitive advantage that can attract new clients.
MM8: Labour Practices and Standards	Perceived unfair labour practices can lead to high employee turnover and a decline in overall employee morale.	A commitment to diversity, equitable opportunities, and robust human rights practices cultivates a high-performance work environment and increases productivity.
MM9: Corporate Social Responsibility	Failure to engage effectively with the community can lead to distrust and resentment amongst local stakeholders, damaging HE Group's reputation.	Making impactful contributions to and fostering the development of local communities builds strong relationships and secures crucial support for HE Group's operational activities.
GOVERNANCE		
MM10: Business Ethics and Corporate Governance	Deficient governance and compliance mechanisms can severely damage HE Group's reputation and undermine its sustainable long-term operations.	Proactively detecting and decisively addressing instances of corruption improves corporate governance and strengthens HE Group's reputation in the long term.

SUSTAINABILITY STATEMENT

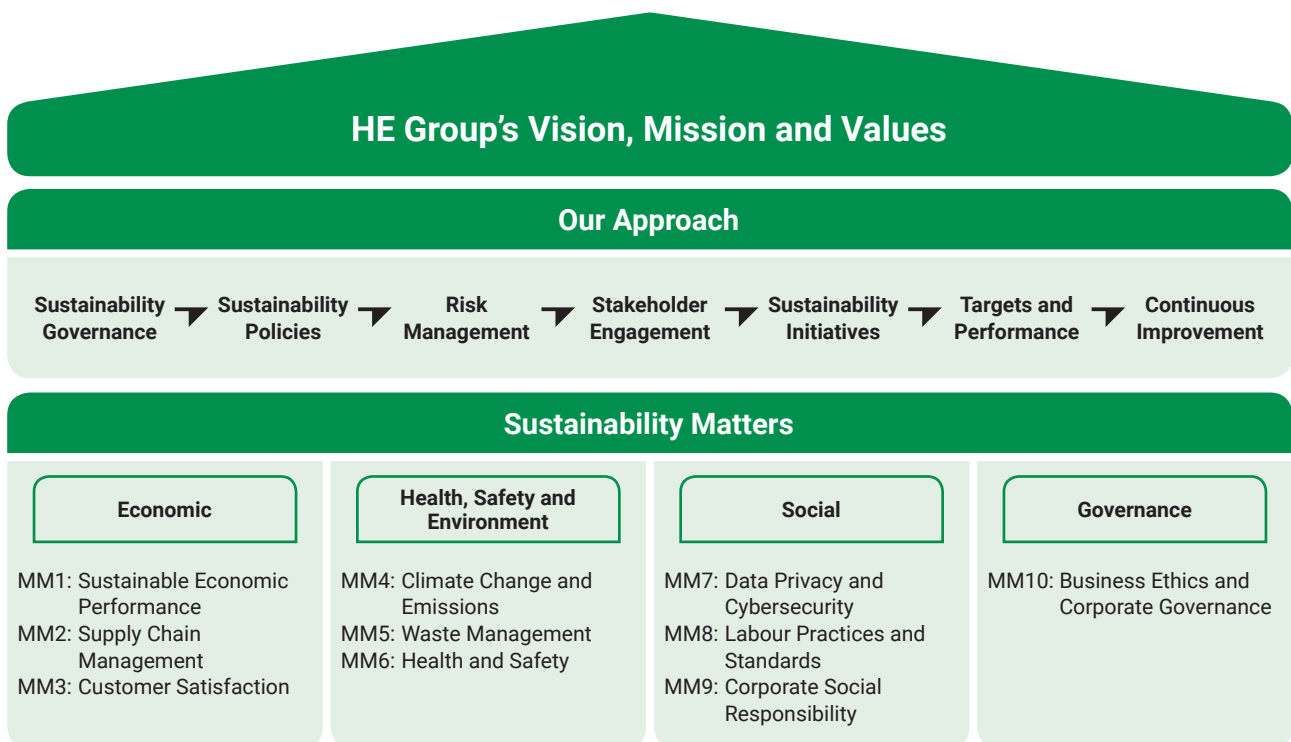
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MATERIALITY ASSESSMENT (CONT'D)

SUSTAINABILITY FRAMEWORK

At HE Group, our employees are dedicated to achieving our sustainability goals and are responsible for delivering measurable outcomes. Through a structured framework, we promote strong performance, encourage active stakeholder engagement, and maintain strategic alignment with our sustainability objectives, facilitating ongoing evaluation and improvement of our sustainability approach.

Transparency, collaboration, and accountability drive our commitment to sustainable value creation.



Outcomes: Achieve United Nations Sustainable Development Goals ("SDGs") and contribute to the national agenda.

THE SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY-RELATED METRICS AND TARGETS

We are committed to transparency and accountability, providing stakeholders with clear insights into our sustainability impact and progress. This reporting year lays the groundwork for establishing meaningful and achievable quantitative targets. We will develop robust metrics and baselines to assess our sustainability performance, identifying both strengths and areas for enhancement. Following the refinement of these metrics and historical data, we will establish future quantitative targets to guide our sustainability initiatives. Whilst qualitative targets have been set for this year, we will implement quantitative targets progressively in the subsequent years.

Sustainability-Related Metrics and Targets

- Maintain zero cases of non-compliance with environmental laws and regulations.
- Utilise renewable energy sources.
- Increase energy efficiency in operations.
- Create a baseline for GHG emissions and reduce them by 0.5% annually.

Maintain zero:

- Workplace fatalities
- Lost Time Incident Rate (“LTIR”)
- Breaches of cybersecurity
- Reports of discrimination, harassment and violence
- Human rights violations
- Confirmed incidents of corruption

Maintain full compliance with:

- National and local laws and regulations
- Environmental laws and regulations
- Health and safety standards
- Labour standards

Achieve:

- 30% female representation at the Board level
- 75% and above for customer satisfaction score

Increase:

- Energy efficiency
- Utilisation of solar energy
- Local spending

Establish:

- Baseline for GHG emissions
- Baseline for social programmes and initiatives

STAKEHOLDER ENGAGEMENT

Recognising the critical role of stakeholder engagement in shaping our sustainability strategy, HE Group actively utilised diverse channels and platforms throughout the year to foster open, two-way communication. This approach enabled us to understand stakeholder concerns and expectations, as well as the mutual impacts of our business model and operations.

The table below delineates HE Group’s key stakeholders and their respective interests. Communication is conducted throughout the year, with methods and frequency tailored to meet stakeholder needs, requests, and HE Group’s operational requirements.

Investors/Shareholders	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Business continuity • Shareholder returns • Risk management • Good governance practices • Transparent and timely updates of information 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Annual and extraordinary general meetings • Updates of corporate website and announcements on Bursa Malaysia’s website • Investor briefings • Press releases • Updates on business strategies

SUSTAINABILITY STATEMENT

(CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Customers	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Customer service and satisfaction • Product quality and safety • Pricing • Timely delivery of products and services • Regulatory compliance 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Customer Satisfaction Surveys • Site visits • Networking conferences • ISO 9001 quality certification • Meetings and requirement briefings
Employees	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Fair employment practices • Professional development opportunities • Occupational health and safety • Competitive compensation and benefits • Work-life balance 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Management communication sessions • Training and development • Performance appraisal • Health and safety awareness and training • Create a conducive working environment free of discrimination and conflict • Established a HSE Committee
Suppliers	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Sustainable and ethical procurement practices • Supply chain management • Support of local businesses • Health and safety 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Transparent and ethical procurement standards • Policy and procedure training and awareness • Fair supplier assessments and audits • Local supplier policy • Established HSE supplier meetings
Communities	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Support of community welfare and projects • Protection of community health, safety and the environment • Local job creation 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Engage with members of the surrounding communities • Participate in community projects • Enforce policies on waste, emissions and health and safety • Adopt local purchasing and hiring
Government/Regulatory Authorities	
<p>Areas of Interest</p> <ul style="list-style-type: none"> • Support of government policies and initiatives • Adherence to applicable regulatory and statutory requirements 	<p>Engagement Methods and Channels</p> <ul style="list-style-type: none"> • Align business and operational strategies with the national agenda • Attend seminars on new laws and regulatory practices • Promote and enforce our governance policies and measures

SUSTAINABILITY STATEMENT

(CONT'D)

SUSTAINABILITY POLICIES

Robust policies and action plans are in place to support the successful realisation of HE Group's sustainability strategy. These governance tools guide our decision-making processes and ensure consistent accountability in all interactions with stakeholders.

We are dedicated to the periodic review and enhancement of these frameworks to ensure they remain aligned with the dynamic operating environment, current industry best practices, and regulatory standards. This commitment to continuous improvement guarantees our sustainability efforts are relevant, effective, and compliant, enabling us to proactively address emerging challenges and capitalise on opportunities.

-  Anti-Bribery and Anti-Corruption Policy
-  Child Labour
-  Code of Ethics and Conduct
-  Human Rights
-  Modern Slavery and Human Trafficking
-  Freedom of Association and Collective Bargaining
-  Whistleblowing Policy
-  Disciplinary and Grievance Practices
-  Diversity and Inclusivity

MANAGEMENT OF SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

ECONOMIC



HE Group delivers comprehensive turnkey solutions, leveraging strong electrical and mechanical engineering expertise across building services, energy, automation, and semiconductor sectors. Our work directly advances SDGs 7 (Affordable and Clean Energy) and 9 (Industry, Innovation, and Infrastructure). We design and deliver high-quality, reliable, sustainable, and resilient infrastructure, integrating solar panel systems to empower clients with clean, affordable, and renewable energy solutions. Through sustainable procurement and adherence to stringent standards and certifications, we promote responsible consumption and production, whilst enhancing customer satisfaction with our superior, sustainable products and services.

Material Matters	SDGs
MM1: Sustainable Economic Performance MM2: Supply Chain Management MM3: Customer Satisfaction	SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all. SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

SUSTAINABILITY STATEMENT

(CONT'D)

ECONOMIC (CONT'D)

MM1: SUSTAINABLE ECONOMIC PERFORMANCE

HE Group prioritises sustainable economic performance as a cornerstone for long-term value creation and responsible growth. We strategically balance profitability with social and environmental considerations, ensuring our business contributes to inclusive economic development. This approach strengthens our ability to navigate market dynamics, mitigate risks, and seize emerging opportunities, fostering lasting prosperity for both our organisation and society.

HE Group has cultivated a good reputation in providing power distribution systems for critical sectors, including semiconductor, medical device, and electrical and electronics industries. Our expertise and innovative solutions strategically position us to support Malaysia's high-value industries, particularly as the nation advances its industrial landscape through initiatives such as Industrial Revolution 4.0, the New Industrial Master Plan, and the Malaysia Digital Economy Blueprint. By providing cutting-edge solutions and fostering collaboration with key stakeholders, we are driving Malaysia's economic transformation and supporting its vision for a competitive, high-tech, and sustainable economy.

We drive economic value by promoting innovation, improving operational efficiency, and adhering to sustainable procurement standards. This approach enables us to provide stable employment and invest in our operational communities. The table below illustrates the distribution of this economic value to our various stakeholders:

Direct Economic Contributions (MYR)	
	FYE2024
Revenue	206,909,946
Tax Expenses	5,286,990
Employee Wages and Benefits	9,318,490
Dividend	1,760,000

MM2: SUPPLY CHAIN MANAGEMENT

Our ability to provide dependable, high-quality power solutions hinges on responsible procurement. HE Group employs a strategic procurement process, guided by a transparent framework for sourcing materials, services, and subcontractors. We conduct thorough due diligence on all vendors, ensuring compliance with rigorous health and safety, environmental, and quality standards. This comprehensive assessment includes evaluating experience, client creditworthiness, project compatibility, legal and regulatory compliance, budgeting accuracy, and resource efficiency.

HE Group employs a collaborative approach for design-intensive projects, utilising in-house engineers or qualified external partners, and maintains client transparency through comprehensive proposals and transparent pricing. For critical electrical equipment, we strictly adhere to the client's specifications or engage with their approved suppliers. All subcontractors, whether nominated by the client or otherwise, are subject to careful assessment, including analysis of their background and performance, to ensure they meet our stringent quality and safety requirements.

Local Procurement

We prioritised local procurement, with 87.7% of our FYE2024 expenditures directed towards Malaysian suppliers. This strategy actively supports local economic growth whilst simultaneously enhancing our operational efficiency through faster turnaround times and reduced logistical costs.

Proportion of Spending on Local Suppliers			
Period	Total amount spent on all suppliers (MYR)	Total amount spent on local suppliers (MYR)	Proportion of spending on local suppliers
FYE2024	169,785,302.51	148,884,729.54	87.7%

SUSTAINABILITY STATEMENT

(CONT'D)

ECONOMIC (CONT'D)

MM3: CUSTOMER SATISFACTION

At the core of our operations is our commitment to customer satisfaction. HE Group's client-centric approach is characterised by meticulous attention to detail throughout every project. As a premier electrical engineering service provider, we follow a systematic process that aligns with detailed customer specifications, guaranteeing our systems meet stringent industry benchmarks for voltage, frequency, and waveform stability. This dedication to quality is vital, given the potential for even minor power fluctuations to compromise our clients' sensitive equipment.

HE Group offers end-to-end service, engaging with customers across the complete product lifecycle, including maintenance, warranty, and defect management. Our long-standing customer relationships underscore their trust in the sustained reliability of our systems. This trust is built on our dedication to customer satisfaction and our consistent delivery of quality, dependable solutions.

Quality Standards and Certifications



Our dedication to quality is underscored by our prestigious certifications, including the Class A Electrical Contractor certification from the Energy Commission (since 2007) and the Grade 7 Mechanical and Electrical Contractor status with the Construction Industry Development Board (since 2008). Additionally, we hold ISO 9001:2015 Quality Management System certification for the comprehensive supply, installation, maintenance, and servicing of mechanical and electrical systems. These credentials provide our customers with the assurance that we consistently deliver projects meeting the highest performance and reliability benchmarks.

Customer Satisfaction Survey

HE Group maintains a continuous commitment to customer engagement, ensuring our practices remain aligned with the dynamic needs of the industry and facilitates ongoing service enhancements.

We conduct a Customer Satisfaction Survey annually, creating a continuous feedback loop to assess our performance and service quality. This focuses on the quality of our workmanship, standard of our completed works, performance of our engineers/technicians, flexibility with which we manage unforeseen events, standard of our documentation, speed with which we respond to inquiries and services, as well as overall performance. Feedback from the survey provides us with valuable insights for process refinement and enhancing the customer experience.

During the reporting year, HE Group attained a customer satisfaction score of 79%, demonstrating our dedication to providing exceptional customer experiences and fostering robust client relationships. We are committed to ongoing analysis of customer feedback to pinpoint areas for further enhancement and ensure consistent satisfaction moving forward.

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT



We are committed to reducing our HSE footprint through integrated management systems and effective strategies that prioritise employee well-being, safety, and environmental protection. HE Group has implemented a range of interventions to mitigate risks related to injuries, illnesses, environmental impact, and property damage. Integrating these sustainable business practices into our operations directly supports SDGs 3, 12, and 13, and builds a foundation for long-term business sustainability.

Material Matters	SDGs
MM4: Climate Change and Emissions MM5: Waste Management MM6: Health and Safety	SDG 3: Ensure healthy lives and promote well-being at all ages. SDG 12: Ensure sustainable production and consumption patterns. SDG 13: Take urgent action to combat climate change and its impacts.

HSE Policy

As a responsible environmental steward and dedicated health and safety advocate, HE Group commits to minimising our HSE impact through the following principles:

- Establish a HSE governance structure with employee and employer participation.
- Eliminate or avoid altogether the use of virgin materials.
- Minimise waste and optimise resource usage by using the 4Rs—Reduce, Reuse, Recycle and Recover.
- Reduce air pollution, climate change and GHG-emitting substances.
- Conserve water and energy through the use of efficient technology and best practices.
- Adopt renewable energy and alternative water sources.
- Conduct HSE risk management and manage HSE risks, hazards and opportunities.
- Prevent HSE accidents and injuries, as well as monitor and review incidents.
- Improve continuously and set and monitor clear and measurable targets.
- Encourage stakeholder participation through engagement, training and awareness programmes.
- Protect and cause no harm to biodiversity.
- Comply fully with HSE statutory, legal and regulatory requirements.
- Apply internationally recognised environmental health and safety management system standards.

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT (CONT'D)

HSE COMMITTEE



Central to HE Group’s commitment to safety and environmental stewardship is our HSE Committee, which ensures workplace safety, regulatory compliance, and promotes a culture of health and environmental awareness. The committee’s responsibilities include identifying hazards, implementing safety protocols, and verifying employee adherence to safety standards. The core members of our HSE Committee are:

- Project Director – Provides strategic leadership, ensures regulatory compliance, and allocates essential resources for the effective implementation of HSE initiatives.
- Safety Officer – Manages safety policies, conducts comprehensive risk assessments, and ensures strict adherence to safety procedures.
- Safety Engineer – Designs and implements safety infrastructure, assesses technical safety aspects, and establishes engineering controls to proactively manage risks.
- Safety Supervisor – Provides daily operational oversight, enforces on-site safety guidelines, and ensures consistent adherence to safety protocols by all workers.
- Safety Attendant – Offers support for safety measure enforcement, aids in emergency response procedures, and verifies worker proficiency in the proper use of protective equipment.

Emergency Response Team

We have established a specialised Emergency Response Team, trained to rapidly manage HSE emergencies, including catastrophic events. To further enhance our preparedness, we have invested in comprehensive health and safety training for over 100 employees, creating a proactive workforce capable of handling any situation.

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT (CONT'D)

HSE Compliance

HE Group maintains strict adherence to the Occupational Safety and Health Act 1994, the Factories and Machinery Act 1967, the Environmental Quality Act 1974, all relevant regulatory orders, and HSE Codes of Practice throughout every project lifecycle. During the reporting year, we achieved full compliance with all applicable HSE regulations, resulting in zero fines or penalties from the authorities and no community complaints.

HSE Risk Management

We employ the Department of Occupational Safety and Health (“**DOSH**”) Hazard Identification, Risk Assessment and Risk Control (“**HIRARC**”) methodology to systematically identify, eliminate, and mitigate potential HSE hazards throughout our operations. This robust approach addresses risks associated with power distribution system installations and high-voltage component handling. Our proactive mitigation strategies include regular workplace inspections, internal audits at operational sites, and the provision of essential safety equipment to all workers.

Our project planning and management processes are designed to proactively mitigate unforeseen HSE circumstances and minimise the adverse impacts of installation work on the environment, surrounding properties, traffic flow, and the security and protection of on-site machinery, equipment, and other assets.

HSE Meetings

Documented HSE Meetings are essential for implementing HE Group’s HSE Management System.

Toolbox Meetings	Supervisor Coordination Meetings	Weekly Progression Meetings	HSE Committee Meetings
These daily meetings address and highlight HSE hazards and routine activities.	These are weekly meetings where HSE trends and recurring incidents are discussed.	These meetings address incidents and accidents from the previous week, are attended by contractors, and are chaired by the construction manager.	These meetings are held quarterly or as needed to provide updates on the status of each site’s activities.

Awareness and Training

All site workers must be equipped with appropriate tools and demonstrate a thorough understanding of potential HSE hazards relevant to their work. Mandatory orientation training is provided to all new site workers, covering project scope, HSE compliance, and emergency procedures.

Number of Employees Trained on Health and Safety Standards		
Period	Total number of employees	Total number of employees trained on health and safety standards
FYE2024	117	8

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT (CONT'D)

MM4: CLIMATE CHANGE AND EMISSIONS

We embed environmental consciousness and sustainability as core values within our operational practices. HE Group is committed to reducing our ecological impact and cultivating environmental responsibility throughout our workflows.

Though HE Group's electricity usage is modest, we recognise the critical need to address climate change and are dedicated to lowering our carbon emissions and energy consumption. We have been proactive in this effort, having installed a 172 kWp roof solar photovoltaic system at our former factory in Alor Gajah, Melaka over a decade ago. This system allows us to contribute sustainable energy to the grid via the Net Energy Metering scheme, thereby reducing our carbon footprint and decreasing our reliance on traditional grid power.

To further reduce our energy consumption, we have upgraded our primary energy consumers, i.e. air conditioners, to energy-efficient inverter models and implemented regular equipment maintenance to ensure optimal performance. We also actively promote energy-saving practices among our employees, encouraging them to turn off lights and appliances when not in use.

Sustainable Products and Services

HE Group actively supports national sustainability goals in alignment with the National Energy Transition Roadmap, the National Climate Change Policy, and Green Income Tax Exemption schemes. We contribute through the generation of solar power for supply to the national grid, as well as by providing renewable energy solutions that help our clients reduce their carbon footprint and energy costs.

Our rooftop solar photovoltaic system supplies clean energy to Tenaga Nasional Berhad under a Renewable Energy Power Purchase Agreement with the national electricity provider, supported by a 21-year Feed-in Tariff concession from 2013 to 2034. In FYE2024, we generated and sold 577.38 gigajoules of solar energy—reinforcing our commitment to advancing renewable energy and supporting Malaysia's transition to a low-carbon economy.

Further strengthening our impact, our strategic partnership with Vertiv (Malaysia) Sdn. Bhd. enables us to offer energy-efficient power solutions that help clients reduce both energy consumption and operational costs.

GHG Emissions Data

Total Energy Consumption							
Total Non-Renewable Energy (GJ)				Total Renewable Energy (GJ)	Total Energy Input (GJ)	Total % of Renewable Energy Input (GJ)	Total Energy Input (Megawatts)
Period	Electricity	Fuel	Gas and Others	Solar, Steam and Others			
FYE2024	158.59	10,243	0	0	10,401.59	0%	2,889.33

GHG Emissions			
Period	Scope 1	Scope 2	Scope 3
FYE2024	874.13	35.42	-

GHG Definitions	
Scope 1	Company-owned vehicles' fuel consumption
Scope 2	Company premises' electricity consumption
Scope 3	To be included in our report next year

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT (CONT'D)

GHG Emissions Data (Cont'd)

GHG Framework:
Greenhouse Gas Protocol
Emission Factors:
Malaysia Energy Commission's 2019 Grid Emission Factor Report

Total Volume of Water Used (Megalitres)					
Period	Surface water (river, lakes)	Groundwater (wells, boreholes) and used quarry water	Municipal potable water	Harvested rainwater	Total
FYE2024	0	0	0.00041	0	0.00041

MM5: WASTE MANAGEMENT

As part of our commitment to stakeholder responsibility, waste management is a key component of HE Group's environmental strategy, and we are fully committed to responsible waste handling to minimise our environmental footprint. Recognising the harmful effects of improper waste disposal (including soil, water, and air contamination, as well as methane production), we follow strict guidelines outlined in our HSE procedures, focusing on waste reduction, resource recovery, and continuous improvement.

We generate non-hazardous waste, such as steel, copper, and aluminium cables, which are carefully segregated and stored in designated waste areas designed to prevent contamination at our operational sites. To ensure approved disposal, we collaborate with licensed waste contractors, authorised by the Department of Environment, for disposal at regulated landfills.

We prioritise reusing and recycling materials to minimise waste generation and educate employees on waste reduction. Through initiatives such as promoting electronic communication, encouraging double-sided printing, and facilitating scrap paper recycling, we empower employees to reduce waste in their daily work routines.

Looking ahead, we remain committed to continuous improvement and plan to further optimise waste management practices through innovative solutions, reducing waste generation and enhancing resource recovery. These measures will ensure that we continue contributing to environmental protection and sustainability, consequently minimising our operational impact on the planet.

MM6: HEALTH AND SAFETY

The health and safety of our employees and stakeholders is paramount at HE Group. We are committed to establishing a safe and secure workplace by actively minimising injury risks and preventing safety incidents across our entire operational footprint.

Our dedication to a safe work environment has been consistently recognised through numerous prestigious awards. These include:

- **Strategic Contractor Partner Recognition** by Schneider Electric, acknowledging our unwavering commitment and support;
- **Elite Black Diamond Partner 2023**, along with multiple prestigious awards from Vertiv: **Brand Ambassador of the Year** (awarded to our Managing Director, Mr. Amos Haw), **Highest Growth for Vertical** (marking our second consecutive win), and the **10M Elite Black Diamond Award**; and
- **16 Million Project Man-Hours Celebration** recognition from Infineon and International Facility Engineering, honouring our dedication to safety and operational excellence.

SUSTAINABILITY STATEMENT

(CONT'D)

HEALTH, SAFETY AND ENVIRONMENT (CONT'D)

MM6: HEALTH AND SAFETY (CONT'D)

This year, we were honoured to receive recognition from the Energy Commission as a registered electrical contractor under the Electricity Supply Act 1990, granting us authorisation to operate as a Class A electrical contractor.

Moreover, we recorded zero work-related fatalities in FYE2024, underscoring the effectiveness of our comprehensive safety initiatives and validating our unwavering commitment to employee safety.

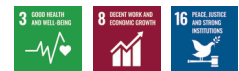
Health and Safety				
EMPLOYEES				
Period	Total number of hours worked in the reporting period	Number of lost time injuries	Lost Time Incident Rate ("LTIR")	Work-Related Fatalities
FYE2024	122,560	0	0.00	0
CONTRACTORS AND SUBCONTRACTORS				
Period	Total number of hours worked in the reporting period	Number of lost time injuries	LTIR	Work-Related Fatalities
FYE2024	675,900	0	0.00	0

LTIR is calculated as follows: $A/B \times 200,000$

A: Number of lost time injuries in the reporting period
 B: Total number of hours worked in the reporting period

The value of 200,000 represents a standardised value of the total number of hours that 100 employees work weekly for 40 hours, for a duration of 50 weeks ($100 \times 40 \times 50 = 200,000$).

SOCIAL



HE Group prioritises sustainability through a responsible business model, concentrating on data privacy, cybersecurity, and corporate social responsibility. These initiatives directly support SDGs 3, 8 and 16, recognising that robust institutions safeguarding individual rights are foundational for decent work and economic progress.

Material Matters	SDGs
MM7: Data Privacy and Cybersecurity MM8: Labour Practices and Standards MM9: Corporate Social Responsibility	<p>SDG 3: Ensure healthy lives and promote well-being for all at all ages.</p> <p>SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> <p>SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>

SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL (CONT'D)

MM7: DATA PRIVACY AND CYBERSECURITY

HE Group actively safeguards customer and stakeholder data through robust confidentiality systems. Committed to compliance with Malaysia's Personal Data Protection Act 2010 and other applicable laws, we continuously update our security measures to address the evolving digital landscape and emerging threats.



0 Cases of Data Privacy and Cybersecurity Breaches

HE Group prioritises customer confidence by maintaining robust security through regular system assessments and data backups, minimising potential disruptions. Our strong cybersecurity track record, with no incidents reported during the year under review, further demonstrates our reliability in protecting sensitive information.

MM8: LABOUR PRACTICES AND STANDARDS

HE Group places paramount importance on its employees, considering them our core resource. This commitment is demonstrated through the upholding of stringent human rights standards, fair labour practices, and a strong sense of social responsibility throughout the entire business.

Human Rights Policy

Grounded in our Sustainability Policy, HE Group's commitment to an ethical workplace is built upon core human rights principles: fair treatment, equitable compensation, and structured employee development. By fostering a culture of respect, value, and empowerment, we empower employees to thrive alongside the organisation.



0 Human Rights Violations

HE Group's Human Rights Policy is rooted in globally recognised standards, including the UN Guiding Principles, ILO Core Conventions, and the Universal Declaration of Human Rights. We expect all stakeholders to strictly follow these principles, maintaining a zero-tolerance stance against human rights violations. The core tenets of our Human Rights Policy are outlined below.

Modern Slavery and Human Trafficking	Diversity and Inclusivity	Child Labour	Freedom of Association	Excessive Working Hours	Remuneration and Benefits	Health and Safety
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No Child and Forced Labour

HE Group provides a dignified and respectful workplace, and maintains a strict zero-tolerance policy against child and forced labour. We adhere to the Children and Young Persons (Employment) Act 1966 and the Employees' Minimum Standards of Housing Accommodation and Amenities Regulation 2020. This standard extends to our suppliers. All foreign workers are legally employed, and HE Group is fully compliant with all immigration laws.

Anti-Bullying and Harassment

To further strengthen our commitment to sustainability, HE Group has implemented a Bullying and Harassment Policy that explicitly prohibits all forms of bullying, sexual harassment, and disability-based discrimination. We provide accessible and confidential reporting channels for employees, ensuring that all violations are addressed with appropriate action, thus fostering a respectful and safe workplace.

SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL (CONT'D)

Talent Development

Recognising the value of diverse perspectives, HE Group fosters an inclusive workplace where all employees have equal opportunities. We maintain a strict policy of non-discrimination, ensuring fair treatment in recruitment, promotions, and career development, regardless of race, gender, age, nationality, disability, religion, or other personal attributes.

In addition, HE Group prioritises employee growth through comprehensive training and development programmes. Our Training and Development Policy focuses on enhancing skills and knowledge, ensuring employees are prepared for the evolving industry. We employ a merit-based recruitment process, attracting qualified individuals aligned with our strategic goals. For managerial and executive roles, we consider factors such as competency, academic performance, emotional intelligence, innovativeness, adaptability, and IT literacy. Skilled and knowledgeable employees are a priority for all positions, including project workers and non-executive employees.

In FYE2024, our employees collectively completed over 610 training hours focused on enhancing their technical and soft skills.

Equitable Pay, Benefits and Recognition

HE Group ensures fair compensation by adhering to all applicable wage laws, including Malaysia's Minimum Wages Order. Our compensation structures are regularly reviewed against market standards to maintain competitiveness. Employees enjoy a comprehensive benefits package, including medical coverage, various leave options, and performance-based bonuses. We also recognise and celebrate employee achievements through awards such as the Long Service Award, Excellence Award, and Most Innovative Employee Award.

HE Group mitigates risks associated with new projects by securing Contractors' All Risk and Workmen's Compensation insurance. This expenditure provides comprehensive coverage against potential damages and liabilities during construction, whilst also ensuring the safety and protection of our workers in the event of on-site incidents.

Percentage of Employees by Gender and Age Group Category	
	FYE2024
Gender	
Male	77%
Female	23%
Age	
<30 Years	38%
30-50 Years	50%
>50 Years	12%

SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL (CONT'D)

Talent Development (Cont'd)

Equitable Pay, Benefits and Recognition (Cont'd)

Percentage of Employees by Age, Gender and Employee Category					
FYE2024	Gender		Age		
Employee Category	Male	Female	<30 Years	30-50 Years	>50 Years
Senior Management	67%	33%	0%	67%	33%
Management	91%	9%	0%	91%	9%
Executive	65%	35%	45%	45%	10%
Non-Executive	100%	0%	60%	32%	8%
Total	77%	23%	38%	50%	12%

Percentage of Directors by Gender and Age Group	
By Gender	
	FYE2024
Male	71%
Female	29%
By Age Group	
Age	FYE2024
<30	0%
30-50	71%
>50	29%

Total Number of Employee Turnover	
	FYE2024
Senior Management	1
Management	2
Executive	19
Non-Executive	4

Employment Type: Percentage of Employees	
	FYE2024
Contractual	28%
Permanent	72%
TOTAL	100%

SUSTAINABILITY STATEMENT

(CONT'D)

SOCIAL (CONT'D)

Talent Development (Cont'd)

Equitable Pay, Benefits and Recognition (Cont'd)

Percentage of Employees by Ethnicity	
	FYE2024
Malay	58%
Chinese	29%
Indian	8%
Other Ethnic Minorities	2%
Non-Malaysian	3%

MM9: CORPORATE SOCIAL RESPONSIBILITY

We understand that HE Group's success is deeply intertwined with the success of the communities where we operate. As a socially responsible company, we are committed to giving back and fostering their development and well-being in recognition of the support they have provided.

HE Group's core community engagement initiative is our internship programme, offering students practical experience in electrical engineering. This investment in the next generation not only develops talent but also empowers community members with enhanced employability and improved living standards, ultimately contributing to the overall upliftment of the communities we serve.

HE Group's internship programme offers a unique opportunity for interns to gain real-world experience through active project engagement. They are mentored by experienced professionals, observing and participating in problem-solving, decision-making, and project execution. This hands-on experience builds both technical expertise and essential soft skills, such as communication, teamwork, and time management, preparing them for successful careers.

We are dedicated to deepening our community connections through ongoing enhancements to our engagement efforts, recognising the importance of creating lasting, positive impact. HE Group is actively developing new and innovative initiatives to contribute beyond our core business operations, fostering a more inclusive, sustainable, and thriving environment for all.

Community and Society		
Period	Total amount invested in the community where the target beneficiaries are external to the listed issuer (MYR)	Total number of beneficiaries of the investment in communities
FYE2024	16,000	3

We continued our corporate social responsibility efforts in 2024, distributing RM16,000 to three key community beneficiaries. This included RM10,000 to SJK (C) Keh Seng, Bukit Baru, to support their ongoing programmes, RM3,000 to Heartbeat for their charitable work, and RM3,000 to PIBG of Paya Rumput to improve educational initiatives for students. These donations reflect our commitment to making a tangible impact on the communities we serve.

SUSTAINABILITY STATEMENT

(CONT'D)



GOVERNANCE

HE Group is committed to transparency, accountability, and integrity, achieved through robust governance structures and ethical guidelines. This commitment to the highest standards of business ethics and corporate governance promotes sustainable growth and reinforces our ethical commitments.

Material Matter	SDGs
MM10: Business Ethics and Corporate Governance	SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

MM10: BUSINESS ETHICS AND CORPORATE GOVERNANCE

Ethical conduct and responsible business practices are fundamental to HE Group's operations. We prioritise integrity, transparency, and accountability to build strong stakeholder relationships and ensure long-term success. Our strict adherence to local laws, including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Code on Corporate Governance 2021, ensures ethical, transparent, and compliant business practices.

HE Group reinforces its commitment to ethical conduct through comprehensive policies that guide operations at all levels. Our Anti-Bribery and Corruption Policy, which establishes a zero-tolerance stance, is a cornerstone of our integrity-driven culture. We provide ongoing training to ensure compliance with anti-corruption laws and conduct regular audits and risk assessments to maintain effective internal controls and promptly address potential risks.

HE Group promotes openness and accountability through our Whistleblowing Policy, which offers a confidential and accessible reporting channel for employees and the public. This policy safeguards whistleblowers from retaliation, ensures thorough and confidential investigations, and leads to appropriate actions and preventive measures. Regular reviews ensure alignment with legal requirements and best practices, reinforcing our commitment to ethics, transparency, and accountability.

HE Group retains active membership in The Electrical and Electronics Association of Malaysia ("TEEAM") to stay abreast of industry trends, regulations, and best practices. This membership allows us to engage in industry initiatives, collaborate with stakeholders, and contribute to the sector's growth, reinforcing our commitment to high professional standards, innovation, and sustainable business practices.

HE Group's unwavering commitment to integrity, responsibility, and governance is essential to our mission of building stakeholder trust and long-term value. These ethical principles safeguard our reputation and foster a business environment marked by fairness and transparency.

SUSTAINABILITY STATEMENT

(CONT'D)

GOVERNANCE (CONT'D)

Percentage of Employees who have Received Training on Anti-Corruption by Employee Category				
Period	Employee Category	Total Number of Employees	Number of Employees who Received Training	% of Employees who Received Training
FYE2024	Senior Management	12	6	50%
	Management	11	2	18%
	Executives	51	3	6%
	Non-Executives	25	0	0%

Percentage of Operations Assessed for Corruption-Related Risks			
Period	Total number of operations	Total number of operations assessed for corruption risk	% of operations assessed for corruption risks
FYE2024	7	0	0%

Confirmed Incidents of Corruption and Action Taken		
Period	Confirmed incidents of corruption	Number of action(s) taken
FYE2024	0	0



SUSTAINABILITY STATEMENT

(CONT'D)

PERFORMANCE DATA TABLE

from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2024
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	87.70
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2,889.33 *
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	874.13
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	35.42
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	0.000410
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	8
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	106
Management	Hours	76
Executive/Technical Staff	Hours	494
Non-Executive	Hours	18
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	28.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	1
Management	Number	2
Executive/Technical Staff	Number	19
General Workers	Number	4
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	67.00
Senior Management Above 50	Percentage	33.00
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	91.00
Management Above 50	Percentage	9.00
Executive/Technical Staff Under 30	Percentage	45.00
Executive/Technical Staff Between 30-50	Percentage	45.00
Executive/Technical Staff Above 50	Percentage	10.00
Non-Executive Under 30	Percentage	60.00
Non-Executive Between 30-50	Percentage	32.00
Non-Executive Above 50	Percentage	8.00

SUSTAINABILITY STATEMENT

(CONT'D)

PERFORMANCE DATA TABLE (CONT'D)

from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2024
Bursa (Diversity)		
Gender Group by Employee Category		
Senior Management Male	Percentage	67.00
Senior Management Female	Percentage	33.00
Management Male	Percentage	91.00
Management Female	Percentage	9.00
Executive/Technical Staff Male	Percentage	65.00
Executive/Technical Staff Female	Percentage	35.00
Non-Executive Male	Percentage	100.00
Non-Executive Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.00
Female	Percentage	29.00
Under 30	Percentage	0.00
Between 30-50	Percentage	71.00
Above 50	Percentage	29.00
Number of Board Directors	Number	7
Number of independent Directors on the board	Number	4
Number of women on the board	Number	2
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	16,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	26
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	50.00
Management	Percentage	18.00
Executive/Technical Staff	Percentage	6.00
Non-Executive	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0

Internal assurance

External assurance

No assurance

(*)Restated

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report based on a prescribed format as enumerated in Rule 15.25(2) of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) so as to provide a detailed articulation on the application of HE Group Berhad (“**HE Group**” or the “**Company**”) and its subsidiary (the “**Group**”) corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (“**MCCG**”).

The Board of Directors (the “**Board**”) of HE Group is committed to ensuring good corporate governance practices are implemented and maintained throughout the Group as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the principles and recommendations for best practices set out in the MCCG and the Listing Requirements of Bursa Securities.

This Corporate Governance Statement (“**Statement**”) should also be read together with the Company’s Corporate Governance Report for the financial year ended 31 December 2024 (“**FYE2024**”) which is available on the Company’s website at www.hexatech.com.my, as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.my

This Statement gives the shareholders an overview of the corporate governance practices of the Company for the FYE2024.

This Corporate Governance Overview Statement makes reference to the following three (3) key principles of the MCCG:-

- a) Board leadership and effectiveness;
- b) Effective audit and risk management; and
- c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1.1 Board Roles and Responsibilities

The Board is accountable for the Group’s overall performance and management of its business affairs, emphasising exemplary governance to ensure the Group’s long-term success and deliver lasting value to stakeholders. With guidance from an experienced and proactive team, the Company benefits from a balanced Board composition, which includes effective Independent Directors. The Board steers the Group’s strategic direction and operational activities, ultimately aiming to enhance shareholder value.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has, amongst others:-

- To review and adopt the overall strategic direction, business plans, and annual budgets of the Group, including major capital commitments;
- To establish key performance indicators and succession plans;
- To oversee and evaluate the conduct and sustainability of the businesses of the Group;
- To review and approve new ventures, major acquisitions and disposal of undertakings and properties;
- To deliberate on proposals presented and recommended by the Management and monitor their implementation;
- To identify principal risks and ensure the implementation of appropriate systems to manage and monitor significant financial and non-financial risks;
- To review the adequacy and integrity of the Group’s internal control systems, risk management and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- To oversee the development and implementation of a shareholder communication policy for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.1 Board Roles and Responsibilities (Cont'd)

In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board. The Board also delegates certain responsibilities to the following Board Committees to assist the Board in the running of its function:-

- a. Audit and Risk Management Committee (“**ARMC**”);
- b. Nomination Committee (“**NC**”); and
- c. Remuneration Committee (“**RC**”).

Each Committee operates in accordance with defined Terms of Reference (“**TOR**”). These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective TOR and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

The Board Charter and TOR of the respective committees are available on the Company's website at www.hexatech.com.my.

1.2 The Chairman of the Board

The Chairman of the Board, Datuk Christopher Wan Soo Kee, holds an Independent Non-Executive position and he is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

In adherence to MCCG guidelines, the Chairman of the Board does not sit on any Board Committees ensuring the maintenance of checks and balances as well as the preservation of objectivity.

1.3 The Chairman and Managing Director

In line with good corporate practices, there is a clear distinction between the role of the Chairman of the Board and the Managing Director. This is to ensure that there is a balance of power and authority to promote accountability and unfettered powers in decision-making.

The Chairman of the Board is responsible for ensuring the orderly conduct and effectiveness of the Board, as well as facilitating constructive deliberations on matters in hand. Meanwhile, the Managing Director leads the management of the Company, overseeing operating units, and ensuring the implementation of the Board's policies and decisions.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Companies Secretaries under Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries consistently participate in relevant training programs, conferences, or seminars organised by authorities and professional bodies. This ensures they stay updated on corporate governance developments and regulatory changes pertinent to their role, enabling them to provide valuable advisory services to the Board.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.4 Qualified and Competent Company Secretaries (Cont'd)

During the FYE2024, all Board meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretaries and their team to the Board in the discharge of her duties and functions.

1.5 Meeting of Board and Board Committees

To assist Directors in managing their schedules, the Company Secretaries prepare an annual meeting calendar ahead of each new year. This calendar outlines the dates of Board and Board Committee meetings, as well as the annual general meeting (“AGM”). Additionally, it includes closed periods for trading in securities by Directors and principal officers, aligning with scheduled announcements of the Group’s quarterly results.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.

The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman’s review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board’s decision on an urgent basis outside of Board Meetings, board papers along with Directors’ Written Resolution will be circulated for the Board’s consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.

1.6 Board Charter

The Company has formalised and adopted a Board Charter which sets out the composition and balances, roles and responsibilities, operation and processes of the Board. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

The Board Charter is published on the Company’s website at www.hexatech.com.my.

1.7 Code of Ethics and Conduct

The Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, Management and employees of the Group is available on the Company’s website at www.hexatech.com.my.

The Board adhered strictly to the Code of Ethics and Conduct for Directors, ensuring effective oversight. This Code of Ethics and Conduct mandates all Directors, management, and employees of the Group to uphold high ethical standards in every aspect of the Group’s business and professional practices, acting in the best interests of the Group and its shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.7 Code of Ethics and Conduct (Cont'd)

Periodic reviews of the Code of Ethics and Conduct will be conducted by the Board to ensure its continued relevance and appropriateness.

1.8 Anti-Bribery and Corruption Policy (“ABC Policy”)

To instill a culture of integrity and transparency across all Group activities, the Company adopted an ABC Policy in accordance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACC Act**”). This ABC Policy articulates the Company’s zero-tolerance stance towards bribery and corruption, outlining the responsibilities of all individuals associated with the Group in adhering to this stance. It also establishes clear anti-bribery and corruption principles governing interactions with customers, business partners, and third parties. Additionally, the ABC Policy provides guidelines for identifying, managing, and mitigating bribery and corruption risks, ensuring the Company upholds the highest standards of ethical conduct.

The ABC Policy will be reviewed from time to time to ensure that it continues to remain relevant and appropriate. The ABC Policy is made available on the Company’s website at www.hexatech.com.my.

1.9 Whistle Blowing Policy

The Group upholds the highest standards of integrity, transparency, and accountability in its business conduct. The Whistle Blowing Policy, outlining communication and feedback channels to facilitate whistleblowing. This policy’s implementation aligns with the Companies Act 2016 and Section 17A of the MACC Act, providing protection for officers disclosing breaches or non-compliance with these Acts, or serious offenses involving fraud and dishonesty. The Board commits to reviewing and updating the Whistleblowing Policy at least once every three (3) years to ensure its effectiveness and alignment with governing legislation and regulatory requirements.

The Whistle Blowing Policy is published on the Company’s website at www.hexatech.com.my.

1.10 Directors’ Fit and Proper Policy

The Board has adopted the Directors’ Fit and Proper Policy in accordance with the Rule 15.01A of the Listing Requirements of Bursa Securities. This policy serves as a guide to the NC and the Board in their review and assessment of potential candidates for appointment to the Group’s Board, as well as retiring Directors seeking re-election at the AGM.

The Directors’ Fit and Proper Policy ensures that the NC and the Board adhere to rigorous standards in their evaluation of candidates, enabling them to select Directors who possess the necessary qualifications, experience, and integrity to serve effectively on the Board.

The Board will regularly review the Directors’ Fit and Proper Policy and may revise it as deemed necessary to align with the Board’s objectives, current laws, and practices. The Directors’ Fit and Proper Policy is available on the Company’s website at www.hexatech.com.my.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.11 Sustainability Governance

The Board emphasises the importance of sustainable business practices in creating long-term value, recognizing that responsible business conduct is fundamental to achieving operational excellence.

Structural oversight of sustainability, including strategies, priorities, and targets, rests with the Board, while Management is entrusted with operational execution concerning Environmental, Social, and Governance (“ESG”) factors as integral components of the Group’s corporate strategy.

As fiduciary to the Company’s shareholders, the Board prioritizes upholding exemplary corporate governance practices, marked by a dedication to ethics, integrity, and corporate responsibility. Additionally, the Board ensures that both internal and external stakeholders are well-informed about the Company’s sustainability strategies, priorities, targets, and overall performance, as detailed in the Sustainability Statement within this Annual Report.

The Board also incorporated the assessment of the Board’s understanding of sustainability issues in the annual performance evaluation that are critical to the Company’s performance.

PART II – COMPOSITION OF THE BOARD

2.1 Board Composition

The Board currently comprises seven (7) members and the composition of the current Board is set out in the table below:-

No.	Names	Designation
1.	Datuk Christopher Wan Soo Kee	Independent Non-Executive Chairman
2.	Haw Chee Seng	Managing Director
3.	Eng Choon Leong	Executive Director
4.	Tang Kok Wai	Executive Director
5.	Andrea Huong Jia Mei	Independent Non-Executive Director
6.	Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director
7.	Christine Toh Hung Mei	Independent Non-Executive Director

This current Board composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board composition is also in line with Practice 5.2 of the MCCG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement as well as provide an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensure high standards of conduct and integrity are maintained.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group’s business. The profiles of these Directors are provided in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.2 Tenure of Independent Directors

The Board acknowledges the recommendation by the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. Furthermore, the Board recognises that as per the Listing Requirements of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice. Notwithstanding that, the assessment of the independence of Independent Directors will be conducted annually via the Annual Evaluation of Independence of Directors to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

During the FYE2024, none of the Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

2.3 Board Diversity and Senior Management Team

The Board acknowledges the importance of Board and Senior Management Team composition diversity as recommended by the MCCG. In pursuing a diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

In line with the recommendation under the MCCG for gender diversity, the Board has established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at the Board and senior management level. The policy emphasises the need for diversity amongst the Board members, amongst others, including race, ethnicity, age, gender, skills, competencies, experiences and expertise.

Currently, there are two (2) female Directors on the Board, namely, Ms. Andrea Huang Jia Mei and Ms. Christine Toh Hung Mei, representing 28% of the Board composition.

2.4 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within defined TOR. This ensures that the Board members can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.

The Board has established three (3) Board Committees and the membership of each committee is set out in the table below:-

Composition	ARMC	NC	RC
Andrea Huang Jia Mei (Independent Non-Executive Director)	Chairperson	Member	Member
Ir. Dr. Ng Kok Chiang (Independent Non-Executive Director)	Member	Chairman	Member
Christine Toh Hung Mei (Independent Non-Executive Director)	Member	Member	Chairperson

The TOR of the respective Board Committees are available on the Company's website at www.hexatech.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.5 NC

The NC is chaired by Ir. Dr. Ng Kok Chiang, an Independent Non-Executive Director of the Company.

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NC has written TOR dealing with its authority and duties which include the selection and assessment of Directors. The TOR of the NC had incorporated the relevant practices recommended under the MCCG. The TOR of the NC is published on the Company's website at www.hexatech.com.my.

During the FYE2024, the activities undertaken by the NC were as follows:-

- Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole with the objective of assessing its effectiveness.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC.
- Reviewed and recommended to the Board for consideration, the re-election of the Directors who were due to retire at the AGM.
- Reviewed and recommended to the Board for consideration, the appointment of new Director to the Board.

2.6 Board Appointment and Re-appointment Process

The NC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, NC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

In accordance with the Listing Requirements of Bursa Securities and the Company's Constitution, one-third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once (1) in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the candidates' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company.

The Board makes recommendations concerning the re-election, re-appointment and continuation in office of any Director for shareholders' approval at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.7 Annual Evaluation of the Directors, Board and Board Committees as a whole

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Directors, referring to the guides available and the good corporate governance compliance.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of the Managing Director and Executive Director(s), the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

2.8 Attendance of Board and Board Committees' Meetings

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE2024.

The attendance records of each Board member at the Board and Board Committees meetings held during the FYE2024 are as follows:-

Name of Directors	Board	ARMC	NC	RC
	No. of Meetings Attended			
Datuk Christopher Wan Soo Kee (Independent Non-Executive Chairman)	5/5	–	–	–
Haw Chee Seng (Managing Director)	5/5	–	–	–
Eng Choon Leong (Executive Director)	5/5	–	–	–
Tang Kok Wai (Executive Director) (Appointed on 2 September 2024)	1/5	–	–	–
Andrea Huang Jia Mei (Independent Non-Executive Director)	4/5	4/5	2/2	2/2
Ir. Dr. Ng Kok Chiang (Independent Non-Executive Director)	5/5	5/5	2/2	2/2
Christine Toh Huang Mei (Independent Non-Executive Director)	5/5	5/5	2/2	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.9 Directors' Training

During the FYE2024, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements of Bursa Securities:-

Name of Directors	Training/Seminar attended
Datuk Christopher Wan Soo Kee	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest (“COI”) ▪ Beneficial Ownership Reporting ▪ Audit Committee Conference 2024. Embracing Strategic Oversight: The Future of Audit Committee ▪ Bursa Academy: COI and Governance of COI ▪ Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Haw Chee Seng	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest ▪ Beneficial Ownership Reporting
Eng Choon Leong	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest ▪ Beneficial Ownership Reporting
Tang Kok Wai	<ul style="list-style-type: none"> ▪ Mandatory Accreditation Programme
Andrea Huong Jia Mei	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest (“COI”) ▪ Mandatory Accreditation Programme Part II: Leading for Impact (LIP) ▪ Beneficial Ownership Reporting ▪ MIA Webinar Series: Practical Secretarial Workshop Series (Workshop 4) ▪ Recent Development with the Listing Requirements, including COI Amendments ▪ GRI Certified Sustainability Professional ▪ Corporate Liability under Section 17A MACC Act ▪ Audit Committee Conference 2024. Embracing Strategic Oversight: The Future of Audit Committee
Ir. Dr. Ng Kok Chiang	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest ▪ Webinar talk on AI in Manufacturing aligning with Malaysia’s Vision and Global Trends ▪ Webinar talk on Importance of Biogas Industry to the Palm Oil Sector ▪ AFEEC-FAPECA Conference and Meetings 2024 Themed Energy Transition - Path to Net Zero ▪ Webinar series - BIM, Digital Twins, AI - are Engineers winning the Digital Race ▪ Beneficial Ownership Reporting ▪ Audit Committee Conference 2024. Embracing Strategic Oversight: The Future of Audit Committee ▪ Building Sustainable Credibility: Assurance, Greenwashing and the Rise of Green-Hushing ▪ AOB conversation with Audit Committees ▪ Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART II – COMPOSITION OF THE BOARD (CONT'D)

2.9 Directors' Training (Cont'd)

During the FYE2024, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements of Bursa Securities:- (Cont'd)

Name of Directors	Training/Seminar attended
Christine Toh Huong Mei	<ul style="list-style-type: none"> ▪ Briefing on the Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Conflict of Interest ▪ Beneficial Ownership Reporting ▪ Strata Management ▪ Strata Management Tribunal ▪ AIAC Adjudicator CCD 2024 Series Workshop: Understanding Loss and Expense Claims in Adjudication ▪ The Inaugural Masterclass on Adjudication ▪ The Basics Of Employment Law ▪ E-Invoicing for Law Firms ▪ Analysis Of Recent Federal Court Decisions 2023/2024 ▪ AIAC's ASIA ADR WEEK 2024 ▪ Tax Law Basics Corporate Inter-Company Transactions

In order to effectively carry out their roles and duties, the Directors are committed to participating in professional development programs as necessary. This ongoing commitment to professional development ensures that the Directors stay up-to-date with best practices and emerging trends in their respective areas of expertise. The Company encourages and supports the Directors' participation in such programs, recognising the importance of maintaining a skilled and knowledgeable Board.

PART III – REMUNERATION

3.1 Remuneration Policy

The Board had established a formal and transparent Remuneration Policy to attract and retain Directors and Senior Management of the Company and is available on the Company's website at www.hexatech.com.my.

The RC assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC is also responsible for ensuring that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company.

The Board will determine the remuneration package of the Managing Director/Executive Director(s), taking into consideration the recommendations of the RC for the Managing Director/Executive Director(s). The remuneration packages for the Managing Director/Executive Director(s) are structured in such a way that they link rewards to both corporate and individual performance.

The Independent Non-Executive Directors of the Company will be paid a basic fee as ordinary remuneration based on their responsibilities in Committees and the Board, their attendance and/or the special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover. Apart from Directors' fees, all Independent Non-Executive Directors are entitled to meeting allowances for attending Board and Board Committee meetings. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION (CONT'D)

3.2 Remuneration of Directors

The remuneration payable to each of the individual Director of the Company and of the Group for the FYE2024 are as follows:-

(A) The Company

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Datuk Christopher Wan Soo Kee	60	6	-	-	-	-	66
Haw Chee Seng	-	-	-	-	-	-	-
Eng Choon Leong	-	-	-	-	-	-	-
Tang Kok Wai (Appointed on 2 September 2024)	-	-	-	-	-	-	-
Andrea Huong Jia Mei	36	5	-	-	-	-	41
Ir. Dr. Ng Kok Chiang	36	6	-	-	-	-	42
Christine Toh Hung Mei	36	6	-	-	-	-	42
Total	168	23	-	-	-	-	191

(B) The Group

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Datuk Christopher Wan Soo Kee	60	6	-	-	-	-	66
Haw Chee Seng	-	24	336	112	9	57	538
Eng Choon Leong	-	24	276	92	2	48	442
Tang Kok Wai (Appointed on 2 September 2024)	-	17	252	90	6	44	409
Andrea Huong Jia Mei	36	5	-	-	-	-	41
Ir. Dr. Ng Kok Chiang	36	6	-	-	-	-	42
Christine Toh Hung Mei	36	6	-	-	-	-	42
Total	168	88	864	294	17	149	1,580

Note:-

Other emoluments include the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS").

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART III – REMUNERATION (CONT'D)

3.3 Remuneration of Senior Management

The remuneration of the Senior Management of the Group for the FYE2024 is follows:-

Range of Remuneration	No. of Senior Management Officer
RM100,000 to RM150,000	2
RM150,001 to RM200,000	1
RM250,001 to RM300,000	1

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the remuneration of Senior Management on a named basis would be not in the best interest of the Company given the competitive human resources environment that may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC

4.1 Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice and oversee in the areas of financial reporting, external audit, internal control environment and internal audit processes, review of related party transactions as well as conflict of interest situations.

The ARMC is chaired by Ms. Andrea Huong Jia Mei, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The majority of the members of the ARMC are financially literate, whilst the Chairperson of the ARMC is a member of the Malaysian Institute of Accountants.

The ARMC comprises three (3) members. The composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of MCCG whereby all three (3) AC members are Independent Non-Executive Directors. None of the Independent Non-Executive Directors has appointed alternate directors.

None of the members of the ARMC were former key audit partners and to uphold utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The members of the ARMC are equipped with the requisite skills and knowledge to fulfill their responsibilities outlined in the TOR of the ARMC. They possess a deep understanding of matters falling within the purview of the ARMC, including the financial reporting process.

It is expected that they dedicate ample time to updating their knowledge and enhancing their skills through relevant continuing education programs. This ensures their active engagement and informed participation during deliberations. The ARMC members have consistently stayed informed about developments in accounting and auditing standards, practices, and regulations

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – ARMC (CONT'D)

4.2 External Auditors

The Group maintains a transparent and effective relationship with the External Auditors, granting them direct communication authority. This enables the External Auditors to bring to the attention of the ARMC any matters requiring the Board's attention regarding compliance with accounting standards and related regulatory requirements.

The Board had established the External Auditors Assessment Policy together with the annual performance evaluation form, which sets out the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC is satisfied with the performance, suitability, and independence of the External Auditors of the Company, TGS TW PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control Framework

The Board acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.

The Company also engages Internal Auditors to provide independent assessments of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors report directly to the ARMC and internal audit plans are tabled to the ARMC for review and approval by the Board to ensure adequate coverage.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

5.2 Internal Audit Function

The internal audit function of the Group is outsourced to GovernanceAdvisory.com Sdn. Bhd. ("GA"), an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

The Board had established the Internal Auditors Assessment Policy together with the annual performance evaluation form, to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.

The ARMC had obtained assurance from GA confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE2024 are as disclosed in the ARMC Statement in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted by the Board.

The quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development.

The Company's website at www.hexatech.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Company's AGM remains a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

PART II – CONDUCT OF GENERAL MEETING

7.1 Conduct of General Meetings

The Board will ensure that the Notice of the AGM is sent out at least 28 days prior to the meeting to allow sufficient time for the shareholders to go through the Annual Report and make necessary attendance and voting arrangements.

In line with Practice 13.1 of MCCG, the notice convening the First ("1st") AGM of the Company was issued to shareholders at least 28 days before the date of the 1st AGM, which gives shareholders sufficient time to prepare themselves to attend the 1st AGM or to appoint a proxy to attend and vote on their behalf.

The Company's 1st AGM on 21 June 2024 was held on a fully virtual basis and entirely via remote participation and electronic voting facilities. All the Directors attended the 1st AGM and responded to the shareholders' enquiries. The Senior Management of the Company and External Auditors had also attended the 1st AGM and prepared to answer shareholders' enquiries.

All resolutions set out in the Notice of 1st AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities at the end of the meeting day.

7.2 Effective Communication and Proactive Engagement

All Directors and Senior Management attended the 1st AGM on a fully virtual basis and were accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group in the 1st AGM. The External Auditors were also invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board had ensured that a reasonable time is provided to the shareholders for discussion at the 1st AGM before each resolution is proposed. The summary of the key matters discussed at the 1st AGM was published on the Company's website at www.hexatech.com.my for the shareholders' information.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee (“**ARMC**” or the “**Committee**”) of HE Group Berhad (the “**Company**”) is pleased to present the ARMC Report for the financial year ended 31 December 2024 (“**FYE2024**”).

1. OBJECTIVES

The ARMC was established with the primary objective of assisting the Board in fulfilling its statutory obligations effectively. By conducting impartial and independent assessments, the Committee provides additional assurance to the Board concerning the effectiveness of financial, operational, and administrative controls and procedures, thereby enhancing governance and risk management practices within the Company and its subsidiary (the “**Group**”).

2. COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors of the Company:-

Name of Committee members	Designation
Andrea Huong Jia Mei (Chairperson)	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang (Member)	Independent Non-Executive Director
Christine Toh Hung Mei (Member)	Independent Non-Executive Director

The Company has complied with Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as Practices 9.1 and 9.4 under Principle B of the Malaysian Code of Corporate Governance.

The Chairperson of ARMC, Ms. Andrea Huong Jia Mei is a member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. In this respect, the composition of ARMC complies with Rule 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

The authorities and duties of the ARMC are governed by the Terms of Reference of the ARMC. The Terms of Reference of the ARMC can be accessed from the Company’s website at www.hexatech.com.my.

3. MEETINGS AND ATTENDANCES

The ARMC held a total of five (5) ARMC Meetings during the FYE2024. The details of attendance of each member at the ARMC Meetings are as follows:

Name of Committee members	Meeting Attendance
Andrea Huong Jia Mei (Chairperson)	4/5
Ir. Dr. Ng Kok Chiang (Member)	5/5
Christine Toh Hung Mei (Member)	5/5

The presence of the External Auditors and/or the Internal Auditors at the ARMC meetings can be requested if required by the ARMC. Other members of the Board and the Management of the Group may attend the Meeting (specific to the relevant meeting and to the matters being discussed) upon invitation of the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF WORKS OF THE ARMC FOR THE FYE2024

The summary of the activities undertaken by the ARMC during FYE2024, amongst others, included the following:-

- i. Reviewed the unaudited condensed quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. The discussion focused particularly on any changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending to the Board for approval and making the announcement to Bursa Securities;
- ii. Reviewed with the Internal Auditors, the internal audit plan, the reports for the internal audit function and considered the findings of internal audit reviews and Management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- iii. Reviewed the related party transactions and/or recurrent related party transactions, if any, that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- iv. Reviewed and received the Audit Review Memorandum from External Auditors in respect of the financial statement of the Group for the financial year ended 31 December 2023 ("FYE2023");
- v. Considered and recommended the re-appointment of TGS TW PLT as the External Auditors and their audit fees to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit;
- vi. Reviewed and recommended the appointment of outsourced Internal Auditors of the Group, Governanceadvisory.com Sdn. Bhd. to the Board for consideration based on their profile, adequacy of resources and experience of the audit engagement team;
- vii. Evaluated the performance of External Auditors and Internal Auditors of the Company;
- viii. Self-appraised the performance of the ARMC and submitted the evaluation form to the Nomination Committee for assessment;
- ix. Reviewed the conflict of interest ("COI") questionnaires submitted by the Group's Directors and key members of senior management. Based on this review, no significant COI were identified that would necessitate further examination and implementation of specific mitigation measures. The only exceptions were related party transactions that had been duly disclosed and entered into with the Group which are being managed in accordance with the established governance and approval processes.
- x. Reviewed and received the Audit Planning Memorandum from External Auditors in respect of the financial statements of the Group for the FYE2023 and FYE2024;
- xi. Reviewed and received the Report of the Risk Assessment Register of the Group;
- xii. Reviewed and recommended to the Board for approval on the Corporate Governance Overview Statement, ARMC Report, Statement on Risk Management and Internal Control, Additional Compliance Information, and Sustainability Statement before recommending to the Board for approval for inclusion in the Company's Annual Report;
- xiii. Reviewed the Corporate Governance Report before recommending to the Board for approval; and
- xiv. Reviewed the Circular to Shareholders in relation to the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature before recommending to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

5. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional services firm. This arrangement ensures an independent assessment and assists the ARMC in assessing the adequacy and effectiveness of the Group's governance and internal control system. Additionally, the Internal Auditors presents significant audit findings and offers recommendations for continuous enhancement of the system.

The cost incurred on the outsourced internal audit functions for FYE2024 by the Group amounted to RM12,470.00.

The internal audit function has conducted independent and systematic audit reviews in accordance with the approved annual internal audit plan. These reviews encompass key functional areas and business activities of the Group, emphasising best practices and addressing all business risks with a core focus. The aim is to provide reasonable assurance that the following aspects continue to operate satisfactorily and effectively:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable laws and regulations; and
- Safeguarding the assets.

The internal audit reviews are conducted based on functional areas, serving as a valuable platform for evaluating processes and providing assurance that all areas of concern, findings and recommendations are addressed. Subsequent follow-up audit reviews are conducted to assess the implementation of appropriate actions and enhancements as deemed necessary by Management.

The ARMC believes that internal audit function operates independently, and the Internal Auditors have performed their audit assignments with impartiality, proficiency, and due professional care.

6. FINANCIAL REPORTING

The ARMC will review and scrutinise the information of the unaudited consolidated quarterly financial results and annual audited financial statements of the Group to ensure material accuracy, adequacy, validity, timeliness and compliance with applicable financial reporting standards for disclosure to shareholders. These reports, which present a balanced and fair assessment of the Group's financial position and prospects, will then be tabled to the Board for approval and release to Bursa Securities.

7. RELATIONSHIP WITH AUDITORS

The Group has established a transparent and appropriate relationship with both the External and Internal Auditors. Such a relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group will be outsourced to a third party who reports directly and regularly to the ARMC. Both the External and Internal Auditors have direct reporting and access to the ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Board, through the ARMC shall maintain appropriate, formal and transparent relationships with the External and Internal Auditors. The ARMC will meet the External and Internal Auditors without the presence of Management, whenever necessary, which demonstrates their independence, objectivity and professionalism.

Meetings with the External Auditors will be held to discuss the Group's audit plans, audit findings, and financial statements as well as to seek their professional advice on other related matters.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

8. EVALUATION OF THE PERFORMANCE OF THE AUDITORS

Pursuant to the Terms of Reference of the ARMC, the Board has prior to the Listing, established the Assessment Policy for both the External and Internal Auditors together with their annual performance evaluation forms respectively. The policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External and Internal Auditors.

The External and Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role.

The ARMC shall obtain assurance from the External and Internal Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC shall carry out an annual performance assessment of the External and Internal Auditors and may request the Executive Director and Chief Financial Controller to join the assessment.

The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the External and Internal Auditors of the Company. The following are some of the criteria to be annually reviewed by the ARMC:-

- a. Calibre of the audit firm;
- b. Quality of the audit engagement team;
- c. Quality of communication and interaction with the audit team;
- d. Audit scope and quality processes;
- e. Audit governance and independence; and
- f. Audit fee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors (the “**Board**”) to establish a sound risk management framework and internal controls system to safeguard the shareholders’ investments and assets of HE Group Berhad (the “**Company**”) and its subsidiary (the “**Group**”). Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), a listed corporation must ensure that its Board include a statement about the state of internal control and risk management of the listed corporation as a group in its annual report.

The Board recognises its responsibilities and the importance of a sound system of risk management and internal controls. The Board continues with its commitment to maintaining sound systems of risk management and internal control throughout the Group and in compliance with the Listing Requirements of Bursa Securities and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2024.

BOARD’S RESPONSIBILITIES

The Board acknowledges its duty to uphold a robust system of internal controls and to regularly ensure the adequacy, effectiveness, and integrity of the risk management and internal control framework in alignment with the Group’s objectives and strategies. This commitment extends to safeguarding shareholders’ investments and the Group’s assets.

Quarterly Board meetings are convened to assess the Group’s risk management and internal control environment. The Audit and Risk Management Committee (“**ARMC**”), supported by independent internal auditors, conducts periodic evaluations to ascertain whether risks potentially impeding the Group’s objectives are adequately assessed, managed, and controlled. During ARMC meetings, issues and corresponding management actions are reviewed and deliberated upon, with resulting minutes presented to the Board. The Board emphasises the integration of risk management across all Company activities and establishes acceptable risk thresholds to inform decision-making and governance processes.

The Board recognises the inherent limitations of any internal control system, understanding that it can mitigate but not entirely eliminate risks that may hinder the Group’s business objectives. Consequently, the internal control system can offer reasonable, though not absolute, assurance against material misstatement, loss, or fraud.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. Risk Management System

The Board has a Risk Management and Internal Control Framework (“**Framework**”) in place to identify, evaluate and manage significant risks faced by the Group. This Framework, documented in writing, will involve compiling the Group’s risk profile, risk registers, and implementing appropriate control measures to mitigate risks to acceptable levels. The Board believes that maintaining a sound risk management and internal control system is founded on a clear understanding and appreciation of the following key elements of the Group’s Framework: -

- a. A formalised Framework to streamline the Group’s risk management activities;
- b. The Board and the Managing Director must first ascertain the levels of the risk appetite of the Group to determine the extent of the risk context;
- c. A risk management structure which outlines the lines of reporting and establishes the responsibility of personnel at different levels, i.e. the Board, ARMC and Management;
- d. The Heads of Department and key management staff are responsible for identifying, assessing and managing strategic and operational risks from time to time;
- e. The identified key risks which are included in the risk register are monitored regularly to provide an early warning signal of increasing risk exposures; and
- f. The effectiveness of the control measures/actions stated in the risk register will be reviewed and reported to the ARMC periodically or on a frequency as determined by the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. Internal Control System

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

- a. An organisational structure with clear lines of accountability and responsibilities provides a sound framework within the organisation in facilitating check and balance for proper decision-making at the appropriate authority levels of management including matters that require the Board's approval;
- b. The ARMC and the Board meet at least once every quarter to review and deliberate on financial reports, annual financial statements, internal audit reports etc. Discussions with Management will be held to deliberate on the actions that are required to be taken to address the internal control issues identified;
- c. The ARMC and the Board review findings of the internal and external audit on accounting and internal control issues, and hold discussions with Management on actions to be taken to resolve them; Internal policies and procedures had been established for the key business units within the Group to guide employees in their day-to-day activities. The policies and procedures are periodically reviewed and updated to cater to the changing business environment and operational requirements, and statutory reporting needs; and
- d. The Group has also documented policies and procedures to regulate relevant key processes in compliance with its International Organisation for Standardisation ("ISO") 9001:2015.

3. Internal Audit Function

The Group outsourced the internal audit function to GovernanceAdvisory.com Sdn. Bhd., which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Internal audit provides an independent assessment of the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the ARMC.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective and that there were no losses resulting from significant control weakness.

The Board had received assurance from the Managing Director and Chief Financial Officer that the Group would continuously improve and maintain a sound and effective system of risk management and internal control. In pursuing objectives, the role of Management is to implement the Board's policies, decisions and guidelines on risks and controls that include the identification, evaluation and treatment of risks with appropriate countermeasures.

While recognising the imperative for ongoing improvement in risk management and internal control systems, the Board acknowledges that these systems cannot entirely eliminate the possibility of failure to achieve business objectives. Stakeholders should note that while these systems manage reasonable assurance, they cannot provide absolute protection against material misstatements, fraud, or losses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with Rule 15.23 of the Listing Requirements of Bursa Securities, the external auditors are mandated to review this Statement on Risk Management and Internal Control ("**Statement**"). This review adheres to the guidelines outlined in the Audit and Assurance Practice Guide 3 ("**AAPG3**"), 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.

Following the principles set out in AAPG3, the external auditors have reviewed this Statement. They have reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects: (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or (b) is factually inaccurate.

CONCLUSION

The Board is satisfied that the existing system of internal controls and risk management is sound and adequate to safeguard the Group's assets at the existing level of operations of the Group for the financial year under review, and up to the date of approval of this Statement. Acknowledging that the evolution of the internal control system is continual, the Board remains committed to pursuing enhancements. Consequently, the Board will persist in implementing appropriate action plans to enhance the Group's internal control system further.

This Statement is issued in accordance with a resolution passed by the Board on 16 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act 2016 (“**Act**”) requires the Board of Directors (the “**Board**”) to be responsible for the preparation of the financial statements which have been made out in accordance with applicable laws and regulations and approved accounting standards to give a true and fair view of the financial position together with the financial performance and cash flows of the Company and its subsidiary (the “**Group**”) for each financial year.

In preparing the financial statements of the Company and the Group for the financial year ended 31 December 2024 as set out in this Annual Report, the Board considers that the Company and the Group have adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board also acknowledges that the Company and the Group have prepared the financial statements on a going concern basis as the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board has the responsibility for ensuring that the Company and the Group maintain accounting records that disclose the financial position of the Company and the Group with reasonable accuracy which enables them to ensure that the financial statements are prepared in compliance with the Act.

The Board is also responsible for taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”)

In conjunction with and as an integral part of the listing of HE Group Berhad (the “**Company**”) on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Company undertook a public issuance of 86,889,700 new ordinary shares at an issued price of RM0.28 per ordinary share, raising a total gross proceed of approximately RM24.33 million (“**IPO Proceeds**”).

The status of the utilisation of the IPO Proceeds as at 31 December 2024 was as follows:-

Purposes	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Estimated Timeframe for Utilisation (from the Listing date)
Business expansion	3,650	877	2,773	Within 30 months
Capital expenditure	1,750	143	1,607	Within 24 months
Working capital	15,129	7,391	7,738	Within 36 months
Estimated listing expenses	3,800	3,800	–	Within 1 month
Total	24,329	12,211	12,118	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors, Messrs TGS TW PLT for services rendered by them to the Company and its subsidiary (the “**Group**”) for the financial year ended 31 December 2024 are as follows:

Details of fees	Company (RM'000)	Group (RM'000)
Audit - Statutory audit	23	78
Non-Audit - Review of other information	10	10

3. MATERIAL CONTRACTS

There were no material contracts entered by the Group which involved Directors’ or major shareholders’ interests during the financial year under review.

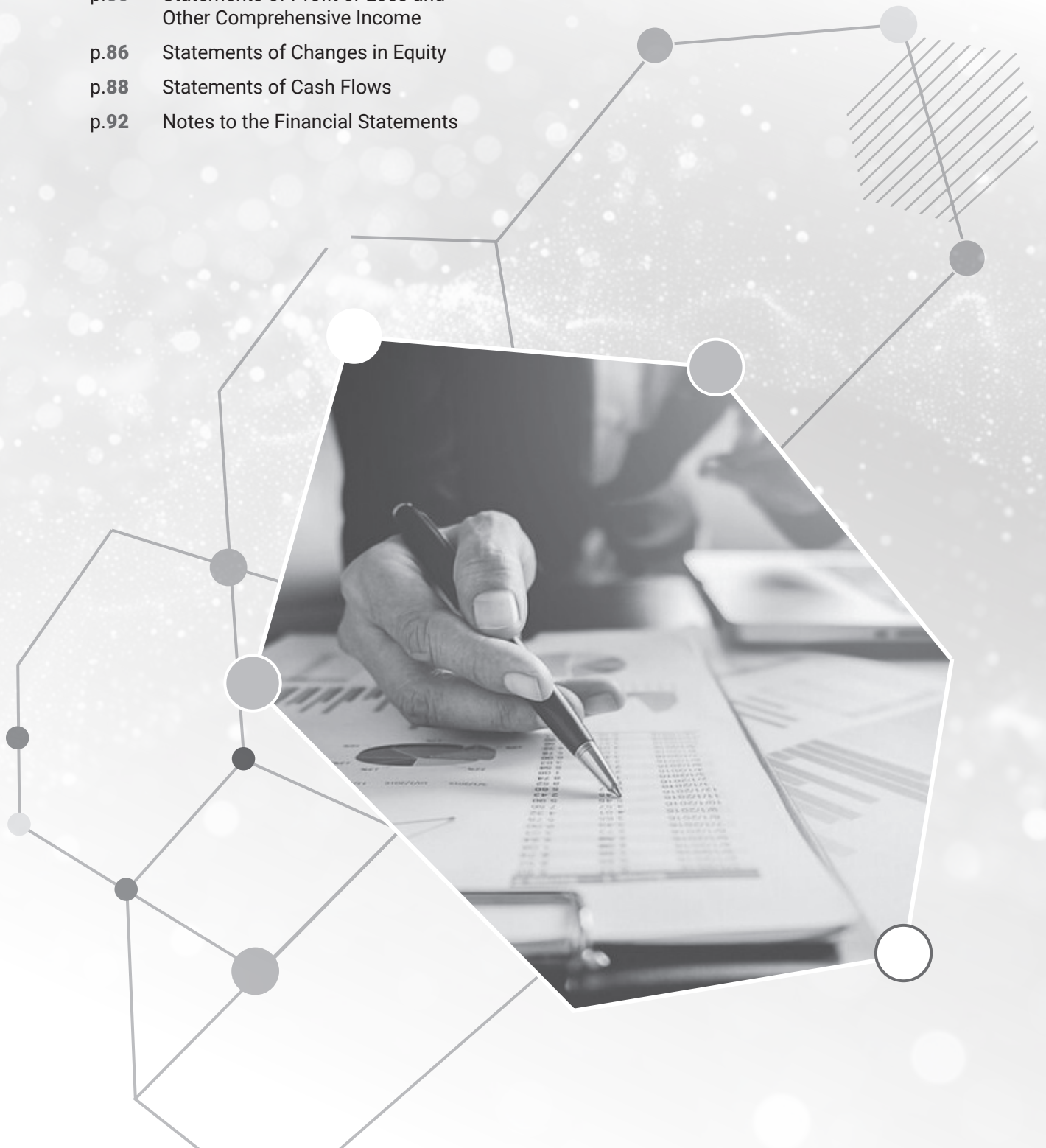
4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE (“RRPTS”)

The details of the Shareholders’ Mandate for the RRPTs are set out in the Circular to Shareholders dated 30 April 2025 which is available on Bursa Securities’s website and the Company’s website.

The details of the transactions with related parties undertaken by the Group during the financial year ended 31 December 2024 are disclosed in Note 23(b) to the audited financial statements for the financial year ended 31 December 2024.

FINANCIAL STATEMENTS

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- p.85 Statements of Profit or Loss and Other Comprehensive Income
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activity of its subsidiary is disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	13,681,868	2,322,813

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
A final single-tier dividend of RM0.004 per ordinary share in respect of the financial year ended 31 December 2023, paid on 22 July 2024	1,760,000

The Directors recommend the payment of final single-tier dividend of RM0.0045 per ordinary share in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

ISSUE OF SHARES AND DEBENTURES

On 29 January 2024, the Company increased its issued and paid-up share capital from RM15,889,964 to RM38,997,457 by way of issuance of 86,889,700 new ordinary shares in conjunction with the Initial Public Offering of the Company at RM0.28 each for a total cash consideration of RM24,329,116.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS' REPORT

(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Haw Chee Seng*
 Eng Choon Leong*
 Datuk Christopher Wan Soo Kee
 Andrea Huong Jia Mei
 Ir. Dr. Ng Kok Chiang
 Christine Toh Hung Mei
 Tang Kok Wai (Appointed on 2 September 2024)

* Director of the Company and its subsidiary

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the subsidiary and made a part hereof.

DIRECTORS' INTEREST IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2024	Number of ordinary shares		At 31.12.2024
		Bought	Sold	
Interest in the Company				
Direct interest				
Haw Chee Seng	95,340,011	254,500	5,500,000	90,094,511
Eng Choon Leong	70,622,360	–	5,500,000	65,122,360
Datuk Christopher Wan Soo Kee	–	250,000	200,000	50,000
Andrea Huong Jia Mei	–	138,000	138,000	–
Ir. Dr. Ng Kok Chiang	–	250,000	150,000	100,000
Christine Toh Hung Mei	–	250,000	100,000	150,000
Tang Kok Wai	17,655,465	–	4,644,100	13,011,365

By virtue of his interests in the shares of the Company, Haw Chee Seng is also deemed interested in the shares of the subsidiary during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

DIRECTORS' BENEFITS

Since the end of the previous financial year/period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant interests in companies which traded with certain company in the Group in the ordinary course of business as disclosed in Note 23 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' BENEFITS (CONT'D)

The Directors' fee and remuneration for the Group and the Company as set out in Note 23 to the financial statements are RM1,564,188 and RM191,000 respectively.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY

The details of the subsidiary are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 29 to the financial statements.

AUDITORS

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and for the Company as set out in Note 18 to the financial statements are RM88,000 and RM33,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2025.

HAW CHEE SENG

ENG CHOON LEONG

KUALA LUMPUR

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 84 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2025.

HAW CHEE SENG

ENG CHOON LEONG

KUALA LUMPUR

STATUTORY **DECLARATION**

Pursuant to Section 251(1) of the Companies Act 2016

I, Lim Soo Cheng (MIA membership number: 39547), being the Officer primarily responsible for the financial management of HE Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 84 to 121 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 16 April 2025.)
)

LIM SOO CHENG

Before me,

Shi' Aratul Akmar Binti Sahari
(W788)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of HE Group Berhad

[Registration No.: 202301016404 (1510326-M)]

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HE Group Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the key audit matter
<p>Recognition of revenue and cost for construction activities</p> <p>Referring to Note 16 to the financial statements. The Group has recorded revenue from construction contracts of RM186.93 million for the financial year ended 31 December 2024.</p> <p>The Group is involved in construction activities which span more than one reporting period. The revenue and cost of construction activities are recognised over the period using the input method to measure the progress towards complete satisfaction of the performance obligation, based on the proportion of total costs incurred for works performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contracts.</p>	<p>We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 Revenue from <i>Contracts with Customers</i>.</p> <p>We performed a range of audit procedures which included reviewing contract documents, variation orders and inquiring key personnel regarding status of on-going contracts, adjustments in project budgets and potential impairment losses.</p> <p>In relation to construction revenue and cost, we, amongst others and where applicable, agreed to the original signed contracts, letter of awards and approved variation orders.</p>

INDEPENDENT AUDITORS' REPORT

To the Members of HE Group Berhad

[Registration No.: 202301016404 (1510326-M)]

(Incorporated in Malaysia)

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

Key audit matter	How we addressed the key audit matter
<p>Recognition of revenue and cost for construction activities (Cont'd)</p> <p>We identified recognition of construction revenue and cost as key audit matter as significant management judgement and estimates are involved in estimating the total construction costs.</p> <p>Key management judgements applied in:</p> <ul style="list-style-type: none"> Estimating the budgeted costs to complete each project; Evaluating the appropriateness of the budgeted costs; Determining the future profitability of each project; and Evaluating the percentage of completion and accuracy of the estimated costs to complete at the end of the reporting period. <p>Changes in these key judgements could lead to a material change in the value of revenue to be recognised in the profit or loss.</p>	<p>We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviewing the project team.</p> <p>In assessing management's assumptions in estimating the costs to completion for contracts, we verified the approved budgeted cost to subcontractors' contracts. We verified the construction costs incurred to date to sub-contracts' progress claims and suppliers' invoices and recalculating the percentage of completion at the reporting date.</p> <p>We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 <i>Revenue from Contracts with Customers</i>.</p>
<p>Recoverability of trade receivables and contract assets</p> <p>Referring to Notes 6 and 8 to the financial statements. The Group has significant trade receivables and contract assets of RM40.28 million and RM4.05 million respectively as at 31 December 2024.</p> <p>The assessment of recoverability of trade receivables and contract assets involved significant judgements and estimation uncertainty in analysing historical bad debts, customer creditworthiness and customer payment terms.</p>	<p>We obtained the understanding of the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and expected credit loss, which include consideration of the current economic.</p> <p>We tested the accuracy and completeness of the data used by the management. We reviewed the adequacy of the amount of expected credit loss and inquired the management regarding the recoverability of trade receivables that are past due but not impaired accounts and review of customers' correspondence.</p> <p>We evaluated the appropriateness and adequacy of the disclosures of expected credit loss in accordance with MFRS 9 Financial Instruments.</p>

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

INDEPENDENT AUDITORS' REPORT

To the Members of HE Group Berhad

[Registration No.: 202301016404 (1510326-M)]

(Incorporated in Malaysia)

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

To the Members of HE Group Berhad

[Registration No.: 202301016404 (1510326-M)]

(Incorporated in Malaysia)

(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purpose of group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

QUEK KENG YEE
03852/10/2026 J
Chartered Accountant

KUALA LUMPUR
16 April 2025

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2024

	Note	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	3,617,486	3,110,077	–	–
Investment properties	4	1,180,000	1,180,000	–	–
Investment in subsidiary	5	–	–	15,889,919	15,889,919
Receivables	6	823,378	784,039	–	–
		5,620,864	5,074,116	15,889,919	15,889,919
Current assets					
Inventories	7	2,605,039	1,938,354	–	–
Receivables	6	41,174,481	61,478,545	5,040,033	2,175,375
Contract assets	8	4,049,455	1,723,064	–	–
Cash and cash equivalents	9	57,737,509	22,918,213	20,647,161	45
		105,566,484	88,058,176	25,687,194	2,175,420
Total assets		111,187,348	93,132,292	41,577,113	18,065,339
EQUITY					
Share capital	10	38,997,457	15,889,964	38,997,457	15,889,964
Merger reserves	11	(14,889,919)	(14,889,919)	–	–
Retained earnings		37,771,578	25,849,710	2,497,867	1,935,054
Total equity		61,879,116	26,849,755	41,495,324	17,825,018
LIABILITIES					
Non-current liabilities					
Borrowing	12	815,800	1,175,049	–	–
Lease liabilities	13	1,327,018	1,084,398	–	–
Deferred tax liabilities	14	134,000	86,000	–	–
		2,276,818	2,345,447	–	–
Current liabilities					
Payables	15	28,226,081	31,907,804	37,362	30,000
Contract liabilities	8	15,583,202	29,535,292	–	–
Borrowing	12	361,567	344,396	–	–
Lease liabilities	13	573,021	468,797	–	–
Amount due to a subsidiary	5(b)	–	–	–	210,321
Tax payable		2,287,543	1,680,801	44,427	–
		47,031,414	63,937,090	81,789	240,321
Total liabilities		49,308,232	66,282,537	81,789	240,321
Total equity and liabilities		111,187,348	93,132,292	41,577,113	18,065,339

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year/Period Ended 31 December 2024

		1.1.2024 to 31.12.2024 RM	Group 1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	Company 2.5.2023 to 31.12.2023 RM
Revenue	16	206,909,946	204,198,814	5,000,000	2,000,000
Cost of sales		(175,459,983)	(179,669,134)	-	-
Gross profit		31,449,963	24,529,680	5,000,000	2,000,000
Other income		1,860,981	788,107	805,593	-
Administrative expenses		(13,874,519)	(9,501,515)	(3,438,353)	(64,946)
Net reversal/(loss) on impairment of financial assets		134,985	(87,263)	-	-
Profit from operation		19,571,410	15,729,009	2,367,240	1,935,054
Finance costs	17	(602,552)	(907,601)	-	-
Profit before tax	18	18,968,858	14,821,408	2,367,240	1,935,054
Taxation	19	(5,286,990)	(3,861,613)	(44,427)	-
Profit for the financial year/period, representing total comprehensive income for the financial year/period		13,681,868	10,959,795	2,322,813	1,935,054
Earnings per share:					
Basic (sen)	20	3.13	3.10		
Diluted (sen)	20	3.13	3.10		

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

STATEMENTS OF **CHANGES IN EQUITY**

For The Financial Year/Period Ended 31 December 2024

	Note	Attributable to Owners of the Company				Total equity RM
		Share capital RM	Invested equity RM	Merger reserves RM	Retained earnings RM	
Group						
At 1 January 2023		-	1,000,000	-	14,889,915	15,889,915
Total comprehensive income for the financial year		-	-	-	10,959,795	10,959,795
Transactions with owners:						
Issuance of shares	10	45	-	-	-	45
Effect of restructuring exercise	10	15,889,919	(1,000,000)	(14,889,919)	-	-
At 31 December 2023		15,889,964	-	(14,889,919)	25,849,710	26,849,755
At 1 January 2024		15,889,964	-	(14,889,919)	25,849,710	26,849,755
Total comprehensive income for the financial year		-	-	-	13,681,868	13,681,868
Transactions with owners:						
Issuance of shares	10	24,329,116	-	-	-	24,329,116
Share issuance expenses	10	(1,221,623)	-	-	-	(1,221,623)
Dividend	21	-	-	-	(1,760,000)	(1,760,000)
At 31 December 2024		38,997,457	-	(14,889,919)	37,771,578	61,879,116

STATEMENTS OF **CHANGES IN EQUITY**

For The Financial Year/Period Ended 31 December 2024
(CONT'D)

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 2 May 2023 (date of incorporation)		45	–	45
Total comprehensive income for the financial period		–	1,935,054	1,935,054
Transactions with owners:				
Effect of restructuring exercise		15,889,919	–	15,889,919
At 31 December 2023		15,889,964	1,935,054	17,825,018
At 1 January 2024		15,889,964	1,935,054	17,825,018
Total comprehensive income for the financial year		–	2,322,813	2,322,813
Transaction with owners:				
Issuance of shares	10	24,329,116	–	24,329,116
Share issuance expenses	10	(1,221,623)	–	(1,221,623)
Dividend	21	–	(1,760,000)	(1,760,000)
At 31 December 2024		38,997,457	2,497,867	41,495,324

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

STATEMENTS OF CASH FLOWS

For The Financial Year/Period Ended 31 December 2024

	Note	Group		Company	
		1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Cash flows from operating activities					
Profit before tax		18,968,858	14,821,408	2,367,240	1,935,054
Adjustments for:					
Depreciation of property, plant and equipment		744,631	656,422	–	–
Dividend income		–	–	(5,000,000)	(2,000,000)
Discount of non-current financial assets		–	196,694	–	–
Fair value gain on other investments		(38,996)	(85,167)	–	–
Gain on disposal of property, plant and equipment		(43,300)	–	–	–
Gain on early termination of lease contract		(4,878)	(1,292)	–	–
(Reversal)/Impairment loss on expected credit loss of trade receivables		(134,985)	87,263	–	–
Interest expenses		602,552	710,907	–	–
Interest income		(1,412,667)	(350,780)	(694,593)	–
Unwinding of discount on non-current financial assets		(39,339)	(36,060)	–	–
Operating profit/(loss) before working capital changes		18,641,876	15,999,395	(3,327,353)	(64,946)
Changes in working capital:					
Inventories		(666,685)	(1,214,948)	–	–
Receivables		20,439,049	(19,904,126)	135,342	(175,375)
Payables		(3,681,723)	(8,391,181)	7,362	30,000
Contract assets and liabilities		(16,278,481)	30,579,352	–	–
Cash generated from/(used in) operations		18,454,036	17,068,492	(3,184,649)	(210,321)
Tax paid		(4,632,248)	(3,017,666)	–	–
Tax refunded		–	6,000	–	–
Net cash from/(used in) operating activities		13,821,788	14,056,826	(3,184,649)	(210,321)
Cash flows from investing activities					
Dividend received		–	–	2,000,000	–
Interest received		1,412,667	350,780	694,593	–
Placement of fixed deposits pledged with licensed banks		(987,835)	(820,174)	–	–
Withdrawal of other investments		38,996	85,167	–	–
Purchases of property, plant and equipment	A	(371,625)	(627,227)	–	–
Proceeds from disposal of non-current asset held for sale	B	–	4,320,000	–	–
Proceeds from disposal of property, plant and equipment		82,600	–	–	–
Withdrawal of cash collateral pledged with licensed banks		1,372,147	–	–	–
Net cash from investing activities		1,546,950	3,308,546	2,694,593	–

STATEMENTS OF **CASH FLOWS**

For The Financial Year/Period Ended 31 December 2024
(CONT'D)

	Note	1.1.2024 to 31.12.2024 RM	Group 1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	Company 2.5.2023 to 31.12.2023 RM
Cash flows from financing activities					
Dividends paid		(1,760,000)	–	(1,760,000)	–
Interest paid		(602,552)	(710,907)	–	–
(Repayment to)/Advance from a subsidiary	D	–	–	(210,321)	210,321
Proceeds from issuance of shares		24,329,116	45	24,329,116	–
Payment of share issuance expenses		(1,221,623)	–	(1,221,623)	–
Repayment of lease liabilities	C/D	(567,993)	(443,580)	–	–
Drawdown of term loans	D	–	1,094,770	–	–
Repayment of term loans	D	(342,078)	(467,015)	–	–
Drawdown of bankers' acceptances	D	–	2,454,300	–	–
Repayment of bankers' acceptances	D	–	(10,969,942)	–	–
Net cash from/(used in) financing activities		19,834,870	(9,042,329)	21,137,172	210,321
Net increase in cash and cash equivalents		35,203,608	8,323,043	20,647,116	–
Cash and cash equivalents at the beginning of the financial year/period		15,853,900	7,530,857	45	45
Cash and cash equivalents at the end of the financial year/period		51,057,508	15,853,900	20,647,161	45
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances	9	2,853,971	2,727,325	443,992	45
Fixed deposits with licensed banks	9	13,711,903	5,625,163	7,098,905	–
Short-term investments	9	41,171,635	14,565,725	13,104,264	–
		57,737,509	22,918,213	20,647,161	45
Less: Cash collateral pledged with licensed banks	9	(67,003)	(1,439,150)	–	–
Less: Fixed deposits pledged with licensed banks	9	(6,612,998)	(5,625,163)	–	–
		51,057,508	15,853,900	20,647,161	45

STATEMENTS OF CASH FLOWS

For The Financial Year/Period Ended 31 December 2024
(CONT'D)

NOTES TO STATEMENTS OF CASH FLOWS

A. Purchase of property, plant, and equipment

	2024 RM	Group 2023 RM
Total purchase of property, plant and equipment	1,410,187	1,891,385
Less: Acquisition by means of lease liabilities	(1,038,562)	(1,264,158)
Total cash paid	371,625	627,227

B. Proceed from disposal of non-current asset held for sale

	2024 RM	Group 2023 RM
Gross amount	–	4,800,000
Less: Balance included in other payables	–	(480,000)
Net amount	–	4,320,000

C. Cash outflows for leases as a lessee

	Note	2024 RM	Group 2023 RM
<u>Included in net cash from operating activities:</u>			
Payment relating to short-term leases	18	119,838	33,200
Payment relating to variable lease	18	–	2,400
Payment relating to lease of low value assets	18	4,868	4,866
<u>Included in net cash from financing activities:</u>			
Payment of lease liabilities		567,993	443,580
Payment on interest of lease liabilities	17	99,693	90,213
		792,392	574,259

STATEMENTS OF CASH FLOWS

For The Financial Year/Period Ended 31 December 2024
(CONT'D)

NOTES TO STATEMENTS OF CASH FLOWS (CONT'D)

D. Reconciliation of liabilities arising from financing activities

	Lease liabilities RM	Term loans RM	Bankers' acceptances RM	Total RM
Group				
Balance at 1 January 2023	769,547	891,690	8,515,642	10,176,879
New leases	1,264,158	–	–	1,264,158
Financing cash flows	(443,580)	627,755	(8,515,642)	(8,331,467)
Other changes (i)	(36,930)	–	–	(36,930)
Balance at 31 December 2023	1,553,195	1,519,445	–	3,072,640
New leases	1,038,562	–	–	1,038,562
Financing cash flows	(567,993)	(342,078)	–	(910,071)
Other changes (i)	(123,725)	–	–	(123,725)
Balance at 31 December 2024	1,900,039	1,177,367	–	3,077,406
			Amount due to a subsidiary RM	Total RM
Company				
Balance at 2 May 2023			–	–
Financing cash flows			210,321	210,321
Balance at 31 December 2023			210,321	210,321
Financing cash flows			(210,321)	(210,321)
Balance at 31 December 2024			–	–

(i) Other changes include early termination of lease contract.

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

NOTES TO THE **FINANCIAL STATEMENTS**

1. **CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 42, Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor Darul Ehsan.

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiary are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary during the financial year.

2. **BASIS OF PREPARATION**

(a) **Statement of compliance**

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information in the respective notes.

The Group and the Company have consistently applied the accounting policies throughout all periods presented in the financial statements unless otherwise stated.

(i) **Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("**MASB**") that are mandatory for the current financial year:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) Standard issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("**RM**"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain not to be exercised.

The Group applies judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of office buildings and hostel with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of their contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts and provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an assets that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 3 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7 to the financial statements.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on actual costs incurred to-date over the estimated total construction costs. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

Provision for expected credit loss of financial assets at amortised cost and contract assets

The Group reviews the recoverability of its receivables and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The Group uses a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost and contract assets (Cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables and contract assets are disclosed in Notes 6 and 8 to the financial statements respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the reporting period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Solar photovoltaic system										Total	
	Buildings	Tools and equipment	Computers	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Electrical installation	RM	RM		RM
Cost												
At 1 January 2023	530,359	73,739	122,632	498,430	311,278	196,042	257,114	-	-	3,171,074		
Additions	1,164,158	4,268	9,806	109,904	93,440	266,904	227,849	15,056	-	1,891,385		
Early termination of lease contract	(115,399)	-	-	-	-	-	-	-	-	(115,399)		
At 31 December 2023	1,579,118	78,007	132,438	608,334	404,718	462,946	484,963	15,056	-	4,947,060		
Additions	662,558	65,500	64,139	497,465	6,877	103,848	9,800	-	-	1,410,187		
Disposal	-	-	-	(206,000)	-	-	-	-	-	(206,000)		
Early termination of lease contract	(321,743)	-	-	-	-	-	-	-	-	(321,743)		
Expiration of lease contract	(113,136)	-	-	-	-	-	-	-	-	(113,136)		
At 31 December 2024	1,806,797	143,507	196,577	899,799	411,595	566,794	494,763	15,056	-	5,716,368		
Accumulated depreciation												
At 1 January 2023	113,797	62,965	51,411	130,578	239,354	134,000	98,947	-	-	1,260,322		
Charge for the financial year	394,587	2,419	18,324	101,840	23,451	32,238	35,050	1,254	-	656,422		
Early termination of lease contract	(79,761)	-	-	-	-	-	-	-	-	(79,761)		
At 31 December 2023	428,623	47,629	69,735	232,418	262,805	166,238	133,997	1,254	-	1,836,983		
Charge for the financial year	428,255	5,140	27,267	139,890	20,118	35,661	39,534	1,506	-	744,631		
Disposal	-	-	-	(166,700)	-	-	-	-	-	(166,700)		
Early termination of lease contract	(202,896)	-	-	-	-	-	-	-	-	(202,896)		
Expiration of lease contract	(113,136)	-	-	-	-	-	-	-	-	(113,136)		
At 31 December 2024	540,846	523,789	97,002	205,608	282,923	201,899	173,531	2,760	-	2,098,882		
Carrying amount												
At 31 December 2023	1,265,951	657,691	99,575	694,191	128,672	364,895	321,232	12,296	-	3,617,486		
At 31 December 2024	1,150,495	704,951	62,703	375,916	141,913	296,708	350,966	13,802	-	3,110,077		

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised in the profit or loss on straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	Lease terms over 24 to 144 months
Solar photovoltaic system	25 years
Tools and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Office equipment	10 years
Furniture and fittings	10 years
Renovation	10 years
Electrical installation	10 years

(i) Including in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2024 RM	Group 2023 RM
Buildings	1,265,951	1,150,495
Motor vehicles	694,191	375,916
	1,960,142	1,526,411

(ii) Depreciation charge of right-of-use assets are as follows:

	2024 RM	Group 2023 RM
Buildings	428,255	394,587
Motor vehicles	139,890	101,840
	568,145	496,427

(iii) Additions of right-of-use assets are as follows:

	2024 RM	Group 2023 RM
Buildings	662,558	1,164,158
Motor vehicles	497,465	109,904
	1,160,023	1,274,062

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. INVESTMENT PROPERTIES

	Freehold buildings RM
Group	
At fair value	
At 1 January 2023/31 December 2023/31 December 2024	1,180,000

Investment properties are subsequently measured at fair value which reflects market conditions at the reporting date.

The fair value of the investment properties is determined by external independent professional valuers with recent experience in the location and category of property being valued and are determined once a year based on the comparison approach. Details of the fair value are disclosed in Note 27 to the financial statements.

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

	Group	
	2024 RM	2023 RM
Rental income	–	72,000
Direct operating expenses	1,562	7,277

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2024 RM	2023 RM
At cost		
Unquoted shares in Malaysia	15,889,919	15,889,919

In the Company's separate financial statements, investment in a subsidiary is stated at cost less accumulated impairment losses.

Details of the subsidiary are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activity
		2024	2023	
Hexatech Engineering Sdn. Bhd. ("Hexatech Engineering")	Malaysia	100	100	Engagement in provision of power distribution system, other building systems and works, hook up and retrolifting of electrical equipment and trading.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. INVESTMENT IN A SUBSIDIARY (CONT'D)

(a) Acquisition of a subsidiary

The Group has been formed pursuant to the completion of the acquisition of its subsidiary by the Company prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

The Company entered into a conditional Share Sale Agreement on 12 May 2023 to acquire the entire equity interest in Hexatech Engineering for a purchase consideration of RM15,889,919, satisfied by 353,109,300 new ordinary shares in the Company at an issue price of RM0.045 per share.

The acquisition was completed on 22 November 2023 and consolidated using merger method of accounting. Under the merger method of accounting, the results of this subsidiary are presented as if the merger has taken effect throughout the current and previous financial years.

(b) Amount due to a subsidiary

Amount due to a subsidiary is unsecured, non-trade related, non-interest bearing and repayable on demand.

6. RECEIVABLES

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
<u>Non-current</u>					
Non-trade receivables	(a)	823,378	784,039	–	–
<u>Current</u>					
Trade receivables, gross		32,129,554	45,637,844	–	–
Retention sum		8,513,832	11,093,268	–	–
		40,643,386	56,731,112	–	–
Less: Expected credit losses ("ECL")		(364,828)	(499,813)	–	–
Trade receivables, net	(b)	40,278,558	56,231,299	–	–
Non-trade receivables		53,988	328,541	39,033	–
Advances to suppliers		344,000	2,794,491	–	–
Deposits		176,406	161,530	1,000	–
Dividend receivable		–	–	5,000,000	2,000,000
Prepayments for listing expenses		–	1,915,005	–	175,375
Prepayments		321,529	47,679	–	–
		41,174,481	61,478,545	5,040,033	2,175,375
		41,997,859	62,262,584	5,040,033	2,175,375

(a) Non-trade receivables - non-current

Non-current non-trade receivables represent insurance premium paid for keyman life insurance which shall be refundable when the Group surrender the insurance policy upon its maturity dates in 5 years' time. These amounts have been discounted to their respective present value.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. RECEIVABLES (CONT'D)

(b) Trade receivables

Trade receivables are non-interest bearing and are generally on 0 to 120 days (2023: 0 to 120 days) term. They are recognised at engineer certificates amounts which represent their fair values on initial recognition.

Movements in the impairment loss on ECLs are as follows:

	2024 RM	Group 2023 RM
At beginning of the financial year	499,813	412,550
(Reversal)/Charge for the financial year	(134,985)	87,263
At end of the financial year	364,828	499,813

Included in gross trade receivables is an amount of RMNil (2023: RM199,871) due from a related party.

The impairment loss account in respect of trade receivables and contract assets is used to record impairment loss. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The following table provide information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

	Gross amount RM	ECL RM	Net amount RM
2024			
Not past due	43,256,671	(345,024)	42,911,647
Past due:			
Less than 30 days	1,257,455	(14,712)	1,242,743
31 to 60 days	117	(2)	115
More than 90 days	178,598	(5,090)	173,508
	44,692,841	(364,828)	44,328,013
Trade receivables	40,643,386	(364,828)	40,278,558
Contract assets (Note 8)	4,049,455	-	4,049,455
	44,692,841	(364,828)	44,328,013

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. RECEIVABLES (CONT'D)

(b) Trade receivables (Cont'd)

	Gross amount RM	ECL RM	Net amount RM
2023			
Not past due	57,054,180	(470,314)	56,583,866
Past due:			
Less than 30 days	328,706	(3,714)	324,992
31 to 60 days	300,423	(5,107)	295,316
61 to 90 days	189,292	(4,278)	185,014
More than 90 days	581,575	(16,400)	565,175
	58,454,176	(499,813)	57,954,363
Trade receivables	56,731,112	(499,813)	56,231,299
Contract assets (Note 8)	1,723,064	-	1,723,064
	58,454,176	(499,813)	57,954,363

7. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Consumables	2,605,039	1,938,354
Recognised in profit or loss		
Inventories recognised as cost of sales	12,509,065	7,424,323

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis.

8. CONTRACT ASSETS/(LIABILITIES)

	Note	2024 RM	Group 2023 RM
<u>Contract assets</u>			
Construction contracts	(a)	4,049,455	1,723,064
<u>Contract liabilities</u>			
Construction contracts	(a)	(15,583,202)	(29,535,292)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for construction contract, which revenue is recognised over time during the construction's activities.

(a) Construction contracts

	2024 RM	Group 2023 RM
At beginning of the financial year	(27,812,228)	3,473,124
Recognised as revenue	186,931,022	193,110,867
Less: Progress billings issued	(170,652,541)	(224,396,219)
At end of the financial year	(11,533,747)	(27,812,228)
Presented as:		
Contract assets	4,049,455	1,723,064
Contract liabilities	(15,583,202)	(29,535,292)
	(11,533,747)	(27,812,228)

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) are as follow:

	2024 RM	Group 2023 RM
Within 1 year	82,844,714	180,175,375

9. CASH AND CASH EQUIVALENTS

	2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Cash and bank balances	2,853,971	2,727,325	443,992	45
Fixed deposits with licensed banks	13,711,903	5,625,163	7,098,905	-
Short-term investments	41,171,635	14,565,725	13,104,264	-
	57,737,509	22,918,213	20,647,161	45

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. CASH AND CASH EQUIVALENTS (CONT'D)

Included in bank balances is an amount of RM67,003 (2023: RM1,439,150) pledged as cash collateral for performance bond granted to the Group and hence not available for general use.

Included in fixed deposits with licensed banks of the Group is an amount of RM6,612,998 (2023: RM5,625,163) pledged as security for bank borrowings and bank guarantees granted to the Group and hence not available for general use.

The interest rates of the fixed deposits with licensed banks are ranging from 2.40% to 2.90% (2023: 2.35% to 2.60%) per annum.

Short-term investments represent investment in money market fund that is readily convertible to known amount of cash and which is subject to an insignificant risk of changes in value.

10. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024 Unit	2023 Unit	2024 RM	2023 RM
Issued and fully paid up				
At 1 January/date of incorporation	353,110,300	1,000	15,889,964	45
Effect of restructuring exercise	–	353,109,300	–	15,889,919
Issuance of shares	86,889,700	–	24,329,116	–
Share issuance expenses	–	–	(1,221,623)	–
At 31 December	440,000,000	353,110,300	38,997,457	15,889,964

The Company was incorporated with a paid-up share capital of RM45 comprising 1,000 ordinary shares that was subscribed subscribers' shares on the date of its incorporation.

On 22 November 2023, the Company increased its issued and paid-up share capital from RM45 to RM15,889,964 by way of issuance of 353,109,300 new ordinary shares at RM0.045 each for a total consideration of RM15,889,919 as full payment for the acquisition of its subsidiary, Hexatech Engineering.

On 29 January 2024, the Company increased its issued and paid up share capital from RM15,889,964 to RM38,997,457 by way of issuance of 89,889,700 new ordinary shares in conjunction with the Initial Public Offering of the Company at RM0.28 each for a total cash consideration of RM24,329,116.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

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

11. MERGER RESERVE

The merger reserve is the difference between the carrying value of the investment in a subsidiary and the share capital of the Company's subsidiary upon consolidation under the merger acquisition principle.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. BORROWING

	2024 RM	Group 2023 RM
Secured:		
Non-current		
Term loans		
- Between 2 to 5 years	794,388	1,139,989
- More than 5 years	21,412	35,060
	815,800	1,175,049
Current		
Term loans	361,567	344,396
	1,177,367	1,519,445

Term loans are repayable by 54 to 120 months (2023: 54 to 120 months).

The term loans are secured by the following:

- (i) Corporate guarantee by a corporate shareholder and a holding company;
- (ii) Fixed deposit with a licensed bank of the Group, as disclosed in Note 9 to the financial statements; and
- (iii) A guarantee coverage of up to RM16,000,000 under PEMULIH Government Guarantee Scheme ("PGGS") by Syarikat Jaminan Pembiayaan Perniagaan Berhad.

The effective interest rates per annum are as follows:

	2024 %	Group 2023 %
Term loans	3.50 - 7.85	3.50 - 7.85

13. LEASE LIABILITIES

	2024 RM	Group 2023 RM
Non-current	1,327,018	1,084,398
Current	573,021	468,797
	1,900,039	1,553,195

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities at the end of the reporting period is as follows:

	2024 RM	Group 2023 RM
Within 1 year	667,536	550,924
Between 2 - 5 years	1,347,846	1,068,893
More than 5 years	129,304	182,626
	2,144,686	1,802,443
Less: Future finance charges	(244,647)	(249,248)
Present value of lease liabilities	1,900,039	1,553,195

The Group leases buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

14. DEFERRED TAX LIABILITIES

	2024 RM	Group 2023 RM
At beginning of the financial year	86,000	133,000
Recognised in profit or loss	48,000	(47,000)
At end of the financial year	134,000	86,000

The balances of deferred tax liabilities are made up of tax effect on temporary differences arising from:

	2024 RM	Group 2023 RM
Property, plant and equipment	234,000	206,000
Provision	(100,000)	(120,000)
	134,000	86,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables	22,560,913	26,505,938	-	-
Retention sum	4,279,534	3,548,991	-	-
	26,840,447	30,054,929	-	-
Non-trade payables	62,234	686,563	-	-
Accruals	1,323,400	1,166,312	37,362	30,000
	28,226,081	31,907,804	37,362	30,000

Trade payables

The normal trade credit terms granted to the Group ranged from 0 to 90 days (2023: 0 to 90 days) depending on the terms of the contracts.

Included in trade payables is an amount of RM395,000 (2023: RM39,800) due to a company in which Directors have interest.

16. REVENUE

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Revenue from contract with customers				
Construction contracts	186,931,022	193,110,867	-	-
Rendering of services	18,894,805	10,557,285	-	-
Sales of goods	1,084,119	530,662	-	-
	206,909,946	204,198,814	-	-
Revenue from other sources				
Dividend income	-	-	5,000,000	2,000,000
Timing of revenue recognition:				
At a point in time	19,978,924	11,087,947	-	-
Over time	186,931,022	193,110,867	-	-
	206,909,946	204,198,814	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. REVENUE (CONT'D)

Information about disaggregation of revenue have not been disclosed as the Group generates revenue principally from Malaysia and from a single operating segment.

Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e., based on the proportion of cost incurred to date over the estimated total costs.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from rendering of services

Revenue from services is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

Revenue from sales of goods

Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of goods. Revenue is recognised based on the price specified in the contract, net of any discounts.

Dividend income

Dividend income is recognised when the Company's right to received payment is established.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. FINANCE COSTS

	Group	
	2024 RM	2023 RM
- Bankers' acceptances	-	28,229
- Bank commitment fee	16,026	12,825
- Bank guarantee	319,900	502,114
- Bank overdraft	11	143
- Domestic resources factoring	-	2,405
- Hedging charges	12,976	-
- Lease liabilities	99,693	90,213
- Letter of credit	84,927	1,631
- Term loans	69,019	73,347
- Discount on non-current financial assets	-	196,694
	602,552	907,601

18. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Auditors' remuneration				
- Audit fee	78,000	70,000	23,000	20,000
- Non-audit fee	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment	744,631	656,422	-	-
Fair value gain on other investments	(38,996)	(85,167)	-	-
Gain on early termination of lease contract	(4,878)	(1,292)	-	-
Gain on disposal of property, plant and equipment	(43,300)	-	-	-
Interest income	(1,412,667)	(350,780)	(694,593)	-
(Reversal)/Impairment loss on expected credit losses on trade receivables	(134,985)	87,263	-	-
Lease of low-value asset (a)	4,868	4,866	-	-
Realised gain on foreign currency exchange	(30,423)	(29,007)	-	-
Rental income	-	(72,000)	-	-
Sales of solar energy	(180,121)	(192,582)	-	-
Short-term leases (a)	119,838	33,200	-	-
Unwinding of discount on non-current financial assets	(39,339)	(36,060)	-	-
Variable lease payments	-	2,400	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. PROFIT BEFORE TAX (CONT'D)

- (a) The Group leases a number of properties and equipment with contract terms of not more than one year or the value of the asset is not more than RM20,000 when it is new. These leases are short-term leases and/or leases of low value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. TAXATION

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year provision	5,208,025	3,806,938	44,427	-
Under provision in prior financial year	30,965	101,675	-	-
	5,238,990	3,908,613	44,427	-
Deferred tax				
Origination and reversal of temporary differences	30,000	(128,000)	-	-
Under provision in prior financial year	18,000	81,000	-	-
	48,000	(47,000)	-	-
	5,286,990	3,861,613	44,427	-

A reconciliation of income tax expense applicable to profit before tax at the statutory tax rate to income tax expense at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Profit before tax	18,968,858	14,821,408	2,367,240	1,935,054
At Malaysian statutory tax rate of 24%	4,552,526	3,557,138	568,138	464,413
Income not subject to tax	(287,026)	(66,626)	(1,326,223)	(480,000)
Expenses not deductible for tax purposes	972,525	188,426	802,512	15,587
Under provision of current tax in prior financial year	30,965	101,675	-	-
Under provision of deferred tax in prior financial year	18,000	81,000	-	-
	5,286,990	3,861,613	44,427	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated based on the consolidated profit for the financial year/period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year/period as follows:

	Group	
	2024 RM	2023 RM
Profit attributable to owners of the Company	13,681,868	10,959,795
Weighted average number of ordinary shares (unit)	437,619,460	353,110,300
Basic earnings per ordinary shares (sen)	3.13	3.10

(b) Diluted earnings per share

There is no dilution in earnings per share as the Company does not have any convertible financial instruments as at the reporting date.

21. DIVIDEND

	Group and Company	
	2024 RM	2023 RM
<u>In respect of the financial year ended 31 December 2023</u> A final singer-tier dividend of RM0.004 per ordinary share, declared on 21 June 2024 and paid on 22 July 2024	1,760,000	-

The Directors recommend the payment of a final singer-tier dividend of RM0.0045 per ordinary share in respect of the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

22. STAFF COSTS

	Group	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM
Salaries, wages and other emoluments	8,306,641	6,999,039
Defined contribution plan	900,767	756,534
Social security contributions	88,082	74,732
	9,295,490	7,830,305

NOTES TO THE FINANCIAL STATEMENTS

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23. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Transactions with companies in which Directors have interest				
- Sales to	18,931	209,871	-	-
- Purchases from	849,038	8,050,766	-	-
- Lease rental charged by	24,000	6,000	-	-
- Rental income charged to	-	72,000	-	-
- Disposal of investment property	-	4,800,000	-	-
Transaction with a subsidiary				
- Dividend income	-	-	5,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

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23. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Compensation of Directors and other key management personnel are as follows:

	Group		Company	
	1.1.2024 to 31.12.2024 RM	1.1.2023 to 31.12.2023 RM	1.1.2024 to 31.12.2024 RM	2.5.2023 to 31.12.2023 RM
Executive Directors				
Salary and other emoluments	1,222,800	781,017	–	–
Defined contribution plans	146,736	93,723	–	–
Social security contributions	3,652	2,318	–	–
	1,373,188	877,058	–	–
Non-executive Directors				
Fees	168,000	14,000	168,000	14,000
Other emoluments	23,000	4,000	23,000	4,000
	191,000	18,000	191,000	18,000
Other key management personnel				
Salary and other emoluments	688,744	891,392	–	–
Defined contribution plans	82,964	107,016	–	–
Social security contributions	4,805	5,793	–	–
	776,513	1,004,201	–	–
Total key management personnel compensation	2,340,701	1,899,259	191,000	18,000

The estimated monetary value of benefits-in-kind received by the Directors of the Group were RM12,050 (31.12.2023: RM9,200).

24. CONTINGENT LIABILITY

	Group	
	2024 RM	2023 RM
Secured:		
Performance guarantee extended to third parties in respect of subcontractors' performance	26,528,795	25,921,295

NOTES TO THE FINANCIAL STATEMENTS

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25. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading sectors in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	2024 RM	Group 2023 RM
Customer A	134,504,193	94,346,687
Customer B	–	59,679,587
Customer C	32,226,385	–

26. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>At amortised cost</u>				
Receivables	41,332,330	57,505,409	5,040,033	2,000,000
Cash and cash equivalents	57,737,509	22,918,213	20,647,161	45
	99,069,839	80,423,622	25,687,194	2,000,045
Financial liabilities				
<u>At amortised cost</u>				
Payables	28,226,081	31,907,804	37,362	30,000
Borrowings	1,177,367	1,519,445	–	–
Amount due to a subsidiary	–	–	–	210,321
	29,403,448	33,427,249	37,362	240,321

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy are to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the receivables and cash and cash equivalents. There are no significant changes as compared to previous financial year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for subcontractors' performance.

The Group's maximum exposure in this respect is RM26,528,795 (2023: RM25,921,295). There was no indication that any subcontractors' performance would not be satisfied as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

As at the end of the financial year, the Group has 2 (2023: 2) customers that owed the Group more than 10% each and accounted for approximately 81% (2023: 71%) of all the receivables outstanding.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirement and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Payables	28,226,081	–	–	28,226,081	28,226,081
Borrowings	411,096	842,170	22,267	1,275,533	1,177,367
Lease liabilities	667,536	1,347,846	129,304	2,144,686	1,900,039
	29,304,713	2,190,016	151,571	31,646,300	31,303,487
Financial guarantee*	26,528,795	–	–	26,528,795	
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Payables	31,907,804	–	–	31,907,804	31,907,804
Borrowings	411,096	1,235,415	37,376	1,683,887	1,519,445
Lease liabilities	550,924	1,068,893	182,626	1,802,443	1,553,195
	32,869,824	2,304,308	220,002	35,394,134	34,980,444
Financial guarantee*	25,921,295	–	–	25,921,295	

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2024					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	37,362	–	–	37,362	37,362
2023					
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Other payables	30,000	–	–	30,000	30,000
Amount due to a subsidiary	210,321	–	–	210,321	210,321
	240,321	–	–	240,321	240,321

* Based on the maximum amount that can be called for under the financial guarantee contract.

The Group provides financial guarantee to customers in respect of subcontractors' performance.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subcontractors' performance would not be satisfied is remote.

(iii) Market risk

(a) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of their deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2024 RM	2023 RM
Group		
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	13,711,903	5,625,163
<u>Financial liability</u>		
Lease liabilities	(1,900,039)	(1,553,195)
Floating rate instrument		
<u>Financial liability</u>		
Term loans	(1,177,367)	(1,519,445)
Company		
Fixed rate instruments		
<u>Financial asset</u>		
Fixed deposits with licensed banks	7,098,905	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM11,774 (2023: RM15,194), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currency other than the functional currency of the Group. The currency giving rise to this risk is primarily USD.

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's foreign currency denominated financial assets at the end of the reporting period is as follows:

	2024 RM	USD	2023 RM
Group			
Financial asset			
Bank balance	501,844		449,899

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax for the financial year to a reasonably possible change in USD, exchange rates against RM, with all other variables held constant.

Change in currency rate	Effect on profit before tax	
	2024 RM	2023 RM
USD		
Strengthened 1% (2023:1%)	5,018	4,499
Weakened 1% (2023:1%)	(5,018)	(4,499)

(c) Fair value of financial instruments

The carrying amounts of short-term receivables, payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. FAIR VALUE MEASUREMENT

The following table summarises the methods used in determining the fair value of non-financial assets of the Group on a recurring basis as at 31 December 2024 and 31 December 2023.

Non-financial asset	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
	2024	2023				
	RM	RM				
Group						
Investment properties	1,180,000	1,180,000	Level 2	<u>Land and buildings</u> Comparison approach which reflects recent market translations for similar properties.	<u>Land and buildings</u> Adjustment for factors such as plot size, location, emcumbrances and current use.	<u>Land and buildings</u> The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes during the financial year.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio at end of the reporting period are as follows:

	Group	
	2024	2023
	RM	RM
Borrowings	1,177,367	1,519,445
Lease liabilities	1,900,039	1,553,195
Total interest-bearing debts	3,077,406	3,072,640
Total equity	61,879,116	26,849,755
Gearing ratio	0.05	0.11

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE **FINANCIAL STATEMENTS**

(CONT'D)

29. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 12 January 2024, the Company launched its Prospectus and undertook initial public offering of 130,889,700 shares at RM0.28 per share, comprising:

- (i) Public issue of 89,889,700 new ordinary shares in the following manner:
 - (a) 22,000,000 shares to the Malaysian Public;
 - (b) 11,000,000 shares to the eligible Directors and employees as well as persons who have contributed to the success of the Group;
 - (c) 53,889,700 shares by the way of private placement to selected investors; and
- (ii) Offer for sale of 44,000,000 existing ordinary shares by way of private placement to selected investors.

On 30 January 2024, the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM40,219,080 comprising 440,000,000 ordinary shares in the Company has been completed and the Company has been successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

30. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2025.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2024

No.	Title Details/ Property Address	Description and Existing Use	Date of Acquisition/ Revaluation	Tenure	Approximate Age of Building	Approximate Area	Net Book Value as at 31 December 2024 (RM'000)
1.	Geran 334179, Lot 179014, M1-C-20- 560, Mukim Klang, Daerah Klang, Negeri Selangor	Description: Apartment unit Existing use: Vacant	31 December 2024	Freehold	3 Years	883 square feet	480
2.	Geran 334179, Lot 179014, M1-C-19- 548, Mukim Klang, Daerah Klang, Negeri Selangor	Description: Apartment unit Existing use: Vacant	31 December 2024	Freehold	3 Years	1,421 square feet	700

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

Total number of Issued Shares : 440,000,000
 Class of Equity Securities : Ordinary shares
 Voting Rights : One vote for every ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.085	100	0.000
100 - 1,000	261	11.130	133,200	0.030
1,001 - 10,000	1,021	43.539	5,893,700	1.339
10,001 - 100,000	881	37.569	30,651,500	6.966
100,001 - 21,999,999 (*)	176	7.505	167,989,709	38.179
22,000,000 AND ABOVE (**)	4	0.170	235,331,791	53.484
TOTAL :	2,345	100.000	440,000,000	100.000

REMARK : * - LESS THAN 5% OF ISSUED SHARES
 ** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
		DIRECT INTEREST	%	INDIRECT INTEREST	%
1	HAW CHEE SENG	90,856,311	20.649	-	-
2	HEXATECH ENERGY CONSOLIDATED SDN. BHD.	77,580,220	17.632	-	-
3	DATUK WIRA YONG CHONG CHEANG	-	-	⁽¹⁾ 77,580,220	17.632
4	ENG CHOON LEONG	66,895,260	15.203	-	-

⁽¹⁾ Deemed interested by virtue of his interest in Hexatech Energy Consolidated Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

(CONT'D)

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

NO.	NAME OF DIRECTORS	NO. OF SHARES HELD			
		DIRECT INTEREST	%	INDIRECT INTEREST	%
1	HAW CHEE SENG	90,856,311	20.649	–	–
2	ENG CHOON LEONG	66,895,260	15.203	–	–
3	TANG KOK WAI	13,061,365	2.968	–	–
4	DATUK CHRISTOPHER WAN SOO KEE	200,000	0.045	–	–
5	ANDREA HUONG JIA MEI	–	–	–	–
6	IR. DR. NG KOK CHIANG	100,000	0.023	–	–
7	CHRISTINE TOH HUNG MEI	150,000	0.034	–	–

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 2 APRIL 2025

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
1	HAW CHEE SENG	90,856,311	20.649
2	ENG CHOON LEONG	66,895,260	15.203
3	HEXATECH ENERGY CONSOLIDATED SDN. BHD.	53,340,220	12.122
4	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEGDED SECURITIES ACCOUNT FOR HEXATECH ENERGY CONSOLIDATED SDN. BHD.	24,240,000	5.509
5	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	18,183,500	4.132
6	TANG KOK WAI	13,061,365	2.968
7	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD. FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	13,045,400	2.964
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KAF) (446190)	13,021,500	2.959
9	YONG CHONG LIM	10,288,226	2.338
10	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.	7,500,000	1.704

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025
(CONT'D)

CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 2 APRIL 2025 (CONT'D)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

NO.	NAME	HOLDINGS	%
11	LIM SOO CHENG	7,277,186	1.653
12	SENG KENG THENG	6,255,986	1.421
13	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	4,447,600	1.010
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT (7012760)	3,060,500	0.695
15	AMANAHRAYA TRUSTEES BERHAD PMB DANA BESTARI	3,000,000	0.681
16	HASSAN BIN HUSSAIN	3,000,000	0.681
17	CHUA GEOK PING	2,685,646	0.610
18	AMANAHRAYA TRUSTEES BERHAD PMB DANA AL-AIMAN	2,500,000	0.568
19	TIEW SOON AIK	2,159,000	0.490
20	TEOH CHEE YEE	2,027,550	0.460
21	TUNG ENG HAI	2,010,300	0.456
22	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YONG HENG LOONG (CCTS)	2,000,000	0.454
23	AMANAHRAYA TRUSTEES BERHAD AHAM PRINCIPLED GROWTH FUND	1,885,800	0.428
24	AMANAHRAYA TRUSTEES BERHAD AHAM GROWTH FUND	1,791,600	0.407
25	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TOH ENG KEAT	1,744,900	0.396
26	KAF TRUSTEE BERHAD KIFB FOR FELDA A/C A2	1,600,000	0.363
27	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR AHAM EQUITY FUND (930090)	1,300,800	0.295
28	LEE KIM LANG	1,292,500	0.293
29	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR TAN KOK PIN @ KOK KHONG (PB)	1,165,300	0.264
30	CHARLES LOW SHUN WEI	1,113,000	0.252

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting (“**2nd AGM**” or “**Meeting**”) of HE GROUP BERHAD (“**HE Group**” or the “**Company**”) will be held at Greens III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 June 2025 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS:-

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to
Explanatory Note 1</i> |
| 2. | To approve the payment of a Final Dividend of 0.45 sen per ordinary share for the financial year ended 31 December 2024. | <i>Ordinary Resolution 1</i> |
| 3. | To approve the payment of Directors’ fees and/or benefits of up to RM250,000 for the period commencing from the date immediately after the 2 nd AGM until the next Annual General Meeting (“ AGM ”) of the Company. | <i>Ordinary Resolution 2</i> |
| 4. | To re-elect the following Directors who retire by rotation pursuant to Clause 88 of the Company’s Constitution:- | |
| | i. Mr. Eng Choon Leong | <i>Ordinary Resolution 3</i> |
| | ii. Ir. Dr. Ng Kok Chiang | <i>Ordinary Resolution 4</i> |
| 5. | To re-elect Mr. Tang Kok Wai as a Director who retires pursuant to Clause 94 of the Company’s Constitution. | <i>Ordinary Resolution 5</i> |
| 6. | To re-appoint TGS TW PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 6</i> |

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

- | | | |
|----|---|------------------------------|
| 7. | GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“ACT”) | <i>Ordinary Resolution 7</i> |
|----|---|------------------------------|

“THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company (“**Shares**”) to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time (“**Mandate**”) AND the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND such authority shall continue in force until the conclusion of the next AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

AND THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

8. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")

Ordinary Resolution 8

"THAT authority be and is hereby given in line with Rule 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiary (the "Group") to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.7 of the Circular to Shareholders dated 30 April 2025 in relation to the Proposed Renewal of Existing Shareholders' Mandate which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- i. the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it shall lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- ii. the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii. revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

9. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend of 0.45 sen per ordinary share in respect of the financial year ended 31 December 2024, if approved by the shareholders at the 2nd AGM of the Company, will be paid on 22 July 2025 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 July 2025.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- i. Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 8 July 2025 in respect of ordinary transfers; and
- ii. Shares bought on Bursa Securities on a cum-entitlement basis according to the Rules of Bursa Securities.

By order of the Board,

TEA SOR HUA (MACS 01324) (SSM PC No.: 201908001272)
LEE SIEW FUN (MAICSA 7063623) (SSM PC No.: 202008000735)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
30 April 2025

Notes:

- a. A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- b. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, speak and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- c. The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.
- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 64(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 10 June 2025. Only members whose names appear in the General Meeting Record of Depositors as at 10 June 2025 shall be entitled to present, participate, speak and vote at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

Notes: (Cont'd)

- g. To be valid, the instrument appointing a proxy may be made in a hard copy form or by an electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting: -
- i. In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - ii. By electronic form
The proxy form can be electronically lodged via TIIH Online website at <https://tiih.online>.
- h. Please refer to the procedures as set out in the Administrative Notes for electronic lodgement of proxy form.
- i. All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- j. Kindly check Bursa Securities' and the Company's website at www.hexatech.com.my for the latest updates on the status of the Meeting.

EXPLANATORY NOTES:-

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2024

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the members for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 3 of the Agenda – Directors' Fees and/or Benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after the 2nd AGM until the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Items 4 and 5 of the Agenda – Re-election of Directors

Clause 88 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Clause 94 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereto, Mr. Eng Choon Leong and Ir. Dr. Ng Kok Chiang will retire by rotation pursuant to Clause 88 of the Company's Constitution whereas Mr. Tang Kok Wai will retire pursuant to Clause 94 of the Company's Constitution (collectively referred to as "Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

3. Items 4 and 5 of the Agenda – Re-election of Directors (Cont'd)

The Board has endorsed the Nomination Committee's recommendation to seek shareholders' approval to re-elect the abovementioned Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Board of Directors' Profile contained in the Company's Annual Report 2024.

4. Item 7 of the Agenda – General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 7 proposed under item 7 of the Agenda to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new Shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such new Shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of new Shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 7, if passed, will exclude the shareholders' pre-emptive right to be offered new Shares to be issued by the Company.

The Company had at its First AGM ("1st AGM") held on 21 June 2024, obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the mandate granted to the Directors at the 1st AGM which will lapse at the conclusion of the Meeting.

5. Item 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate

The Ordinary Resolution 8 proposed under item 8 of the Agenda, if passed, will give the mandate for the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Rule 10.09 of the Listing Requirements of Bursa Securities.

Please refer to the Circular to Shareholders dated 30 April 2025 for further details.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING OF HE GROUP BERHAD (THE "COMPANY") ("2ND AGM" OR "MEETING")

Day and Date	:	Tuesday, 17 June 2025
Time	:	10:00 a.m. or at any adjournment thereof
Venue	:	Greens III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

ENTITLEMENT TO PARTICIPATE/GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 10 June 2025 shall be entitled to participate, speak and vote at the 2nd AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to participate and/or vote on his/her behalf.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate the 2nd AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or submit electronic form to Tricor no later than **Sunday, 15 June 2025 at 10:00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

By hand or post to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 2nd AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia no later than **Sunday, 15 June 2025 at 10:00 a.m.** to participate in the 2nd AGM. A copy of the power of attorney may be accepted provided that it is certified by a notary and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia to participate in the 2nd AGM. The certificate of appointment should be executed in the following manner:-

- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING OF

HE GROUP BERHAD (THE "COMPANY") ("2ND AGM" OR "MEETING")
(CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

(ii) By electronic form

All members can have the option to submit the Proxy Form electronically via Tricor's TIIH Online and the steps to submit are summarised below:

	Procedure	Action
i. Steps for Individual Members		
(a)	Register as a User with Tricor's TIIH Online website	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user of TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "HE GROUP BERHAD 2nd AGM – Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(ies) appointment. Print the Proxy Form for your record.
ii. Steps for Corporation or Institutional Members		
(a)	Register as a User With Tricor's TIIH Online website	<ul style="list-style-type: none"> Access TIIH online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and reset your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING OF HE GROUP BERHAD (THE "COMPANY") ("2ND AGM" OR "MEETING") (CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

(ii) By electronic form (Cont'd)

	Procedure	Action
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to Tricor's TIIH Online website at https://tiih.online. • Select the corporate event: "HE GROUP BERHAD 2nd AGM – Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "HE GROUP BERHAD 2nd AGM – Submission of Proxy Form". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

NO RECORDING OR PHOTOGRAPHY

By participating at the 2nd AGM, you agree that no part of the 2nd AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 8:30 a.m. to 5:30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
 Fax Number : +603-2783 9222
 Email : is.enquiry@vistra.com

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HE GROUP BERHAD
202301016404 (1510326-M)
(Incorporated in Malaysia)

PROXY FORM

(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)

of _____
(Address)

with email address _____ mobile phone no. _____

being a member/members* of HE GROUP BERHAD (the "Company") hereby appoint(s):-

Full Name (in Block):-	NRIC/ Passport No.:-	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and

Full Name (in Block):-	NRIC/ Passport No.:-	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Second Annual General Meeting ("2nd AGM") of the Company to be held at Greens III Sports Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 17 June 2025 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a Final Dividend of 0.45 sen per ordinary share for the financial year ended 31 December 2024.		
2.	To approve the payment of Directors' fees and/or benefits of up to RM250,000 for the period commencing from the date immediately after the 2 nd AGM until the next Annual General Meeting of the Company.		
3.	To re-elect Mr. Eng Choon Leong as a Director of the Company.		
4.	To re-elect Ir. Dr. Ng Kok Chiang as a Director of the Company.		
5.	To re-elect Mr. Tang Kok Wai as a Director of the Company.		
6.	To re-appoint TGS TW PLT as Auditors of the Company.		
7.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8.	To approve the Proposed Renewal of Existing Shareholders' Mandate.		

*delete whichever is not applicable

Dated this _____ day of _____ 2025

Signature of Member(s) / Common Seal

Notes:

- A member who is entitled to present, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, speak and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.



Notes: (Cont'd)

- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- f. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 64(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 10 June 2025. Only members whose names appear in the General Meeting Record of Depositors as at 10 June 2025 shall be entitled to present, participate, speak and vote at the Meeting.
- g. To be valid, the instrument appointing a proxy may be made in a hard copy form or by an electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting: -
- i. In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
- ii. By electronic form
The proxy form can be electronically lodged via TIH Online website at <https://tiih.online>.
- h. Please refer to the procedures as set out in the Administrative Notes for electronic lodgement of proxy form.
- i. All the resolutions set out in this Notice of Meeting will be put to vote by poll.
- j. Kindly check Bursa Securities' and the Company's website at www.hexatech.com.my for the latest updates on the status of the Meeting.

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AFFIX
STAMP

The Share Registrar
HE GROUP BERHAD
[Registration No. 202301016404 (1510326-M)]
c/o 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

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Fold This Flap For Sealing



HE GROUP BERHAD

Registration No. 202301016404 (1510326-M)

No. 42, Jalan OP 1/5, Pusat Perdagangan One Puchong, 47160 Puchong, Selangor Darul Ehsan, Malaysia

Tel : +60 (3) 8068 1811 **Fax :** +60 (3) 8068 1721

www.hexatech.com.my

