

SUSTAINABILITY STATEMENT

ENVIRONMENT

Energy Consumption Target:



Reduce Total Office Electricity Consumption by **4%** in FY2026, using FY2025 as the baseline



Reduce Energy Intensity by **37.49MWh** by FY2026

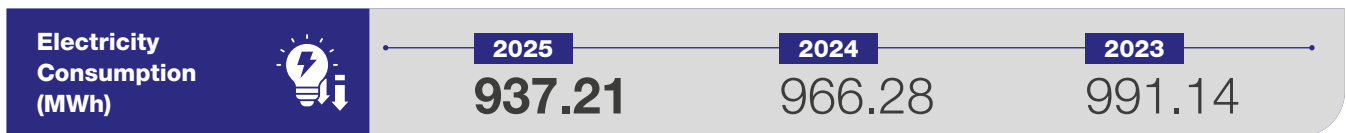
ENERGY AND CLIMATE CHANGE

Energy

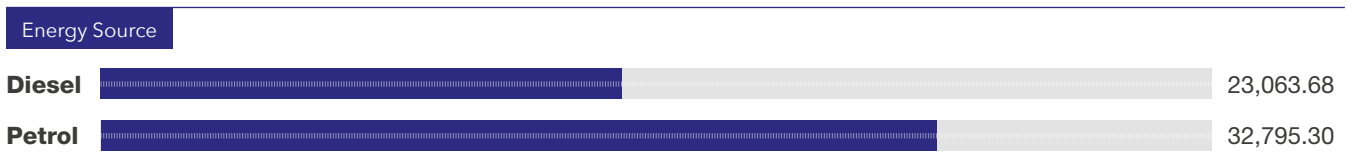
Climate change poses increasing challenges as global mitigation and adaptation responses reshape operating environments across sectors and societies. In addressing these challenges, we focus on managing electricity consumption and carbon emissions through targeted mitigation measures, including energy efficiency enhancements at our headquarters, in line with our Sustainability Policy and commitment to environmental stewardship.

To support this focus, we implement initiatives that improve operational efficiency while reinforcing environmental awareness across the organisation. These efforts are intended to manage overall electricity consumption more effectively and strengthen our longer-term emissions profile. Some key initiatives include:

- 1 Establishing ongoing practices to monitor and manage the use of paper, electricity, and water across our operations.
- 2 Progressively replacing outdated and inefficient equipment with energy-efficient alternatives as part of a longer-term improvement plan.
- 3 Encouraging all employees to adopt simple, everyday actions, such as switching off lights and electrical appliances when not in use, to reinforce responsible energy use across the organisation.

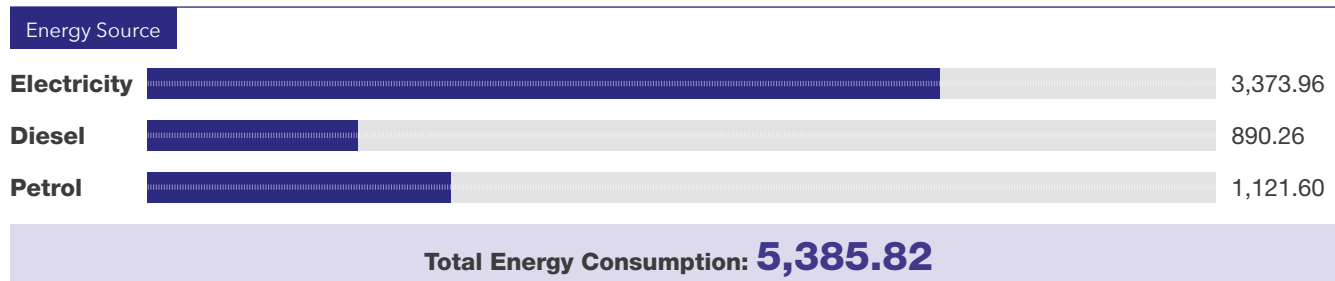


FUEL CONSUMPTION (LITERS)



SUSTAINABILITY STATEMENT

ENERGY CONSUMPTION (GJ)



In FY2025, our Group recorded a total energy consumption of 937.21 MWh, representing a 3% decrease compared to FY2024 (966.28 MWh). These results reflect the impact of our ongoing initiatives to strengthen responsible energy management across the Group.

Emissions

In line with our commitment to sustainability and Malaysia's national climate targets, we actively manage our greenhouse gas ("GHG") emissions to support the goal of reducing emissions intensity of GDP by 45% by 2030 relative to 2005 levels.

Since launching GHG reporting in FY2021, we have steadily expanded the scope of our emissions tracking to better understand and address our environmental impact. In FY2025, we continued to develop our Scope 3 reporting, now in its second year, covering business travel and employee commuting. This ongoing effort provides a more complete view of indirect emissions and helps identify effective strategies to further reduce our carbon footprint.

Our efforts to lower Scope 1 emissions have also yielded tangible results. Measures such as optimising vehicle routes using technology and encouraging hybrid meetings where appropriate have contributed to reduced fuel consumption and emissions, reflecting the cumulative impact of sustained operational improvements.

	FY2025	FY2024	FY2023
Scope 1 emissions (tCO ₂ e)	137.57	83.86	141.73
Scope 2 emissions (tCO ₂ e)	725.80	736.36	751.00
Total Scope 3 emissions (tCO ₂ e)	706.23	534.52	N/A
(i) Category 6 - Business travel	178.10	90.40	N/A
(ii) Category 7 - Employee commuting	528.13	444.12	N/A

Notes:

We calculate our emissions from business travel and employee commuting, where information provided utilises data assumptions and emission factors from UK Government GHG Conversion Factors for Company Reporting.

We recognise the importance of effective air pollution management, given its implications for environmental quality, public health, and regulatory compliance. During the reporting year, the Group recorded no fines or penalties related to environmental non-compliance. Our operations do not generate material air emissions, including nitrogen oxides ("NOx"), sulphur oxides ("SOx"), methane ("CH₄") or volatile organic compounds ("VOCs").

Air Emissions	FY2025	FY2024	FY2023
Nitrogen Oxides (NOx) (tonnes)	0	0	0
Sulphur Oxides (SOx) (tonnes)	0	0	0
Methane (CH ₄) (tonnes)	0	0	0
Volatile Organic Compound (VOCs)(kg)	0	0	0

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■ Responding to Climate Change

As climate considerations continue to influence the delivery of engineering services, the Group recognises its responsibility in supporting Malaysia's transition to a low-carbon future. Our engineering consultancy services are aligned with the national aspiration to achieve 70% renewable energy under the National Energy Transition Roadmap ("NETR"). At the same time, we acknowledge that our energy consumption and greenhouse gas emissions contribute to climate change. In this reporting year, we took an initial step in strengthening climate-related governance and transparency by aligning our disclosures with the Task Force on Climate-related Financial Disclosures ("TCFD"). This marks the beginning of a structured and progressive approach to identifying, managing and communicating climate-related risks and opportunities across the Group. Climate-related considerations are also integrated into the way we maintain and operate our internal management systems, ensuring that relevant risks and impacts are systematically taken into account as part of our broader governance and operational processes.

The sections that follow outline our alignment with the four TCFD thematic pillars—Governance, Strategy, Risk Management, and Metrics and Targets—and the corresponding disclosure recommendations. We intend to progressively enhance the depth, coverage and quality of these disclosures in future reporting cycles.



GOVERNANCE

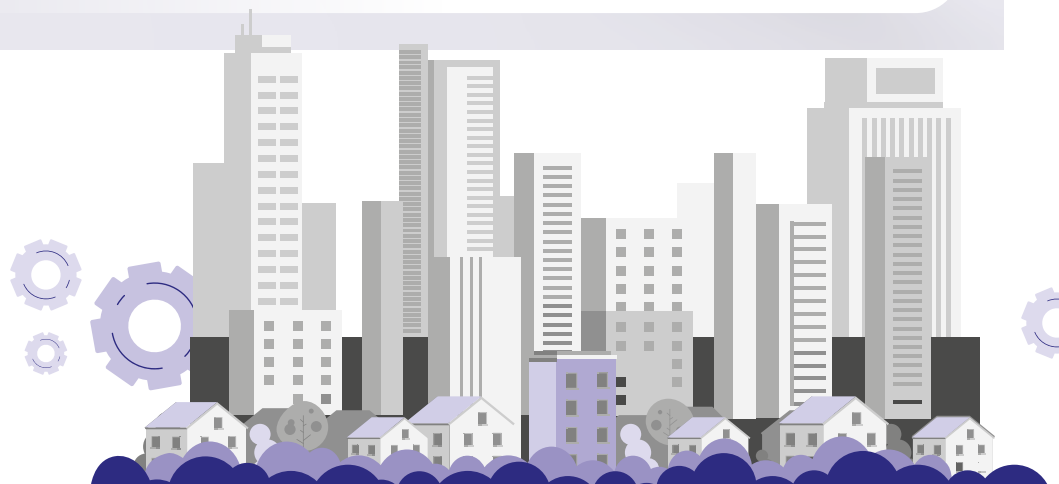
Our approach to climate risk management is underpinned by clear oversight structures, including defined committees and management functions, with the Board providing strategic direction and tone from the top. Further details on our sustainability governance structure are set out on page 38 of this Annual Report.



STRATEGY

We continue to monitor and manage our operational footprint, with a focus on Scope 1 and Scope 2 greenhouse gas emissions. Building on the expansion of our emissions inventory in the previous reporting period, we maintained the tracking of selected Scope 3 emissions in FY2025, including Categories 6 and 7, covering business travel and employee commuting. This ongoing effort supports a more comprehensive assessment of our indirect emissions and informs opportunities for targeted mitigation measures.

Our business strategy remains aligned with relevant national climate and energy transition policies, including the National Climate Change Policy 2.0 and the National Energy Transition Roadmap. Through this alignment, we seek to strengthen organisational resilience, support the transition towards a lower-carbon economy, and position the Group to respond effectively to evolving regulatory and market expectations.



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**RISK MANAGEMENT**

The Group recognises that climate change and broader environmental challenges present evolving risks to business continuity and long-term value creation. In the context of global efforts to limit the rise in average temperatures, climate-related considerations are incorporated into the Board's oversight of risk management and, where relevant, embedded within broader business planning and decision-making processes. This ensures that climate risks are considered alongside other strategic and operational risks.

Our approach to managing environmental and climate-related risks is supported by established ESH administrative procedures. These procedures provide a structured process to identify and assess environmental aspects arising from our activities, products and services within the scope of our Environmental Management System, including factors that are directly controlled by the Group as well as those we can influence. Risk assessments and matrices are applied to evaluate the likelihood and potential impact of identified risks, taking into account both existing operations and planned developments.

As our climate risk management approach continues to evolve, we are progressively enhancing the identification, assessment and management of climate-related risks and opportunities. These refinements are intended to strengthen the robustness of our climate strategy and support more informed decision-making in response to a changing risk landscape.

**METRICS AND TARGETS**

The Group continues to strengthen its approach to measuring and monitoring GHG emissions as part of its broader climate management efforts. Enhancements to data collection and tracking processes have improved the consistency and transparency of our emissions information, supporting more informed assessment of our climate-related impacts.

In FY2025, these improvements enabled more meaningful emissions disclosures, laying the foundation for the development of future emissions targets and the progressive refinement of our climate performance metrics. As our data maturity improves, we will continue to evaluate appropriate targets and indicators aligned with our operational context and national climate objectives.

Detailed emissions-related data are presented in the preceding section on page 55 of this Statement.




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WASTE MANAGEMENT

Effective waste management remains a key component of our environmental stewardship efforts, aimed at reducing our environmental footprint and safeguarding the well-being of the communities in which we operate. Our approach is guided by our established IMS procedures that provide a structured framework for managing waste across our operations.

Through these procedures, waste-related data are systematically tracked and monitored to support regulatory compliance and effective oversight. In addition, scheduled waste is managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005. A formalised scheduled waste management process is applied throughout the Group to ensure that proper identification, handling and disposal practices are consistently implemented.

Waste Management target:		01 Reduce total office waste generation by 4% by FY2026 using FY2025 as the baseline	02 Reduce generation of electronic waste per employee by 4% by FY2026
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In FY2025 we continue our approach in waste management, such as:

<p>1</p> <p>Scheduled waste is disposed of through licensed contractors in full compliance with regulatory requirements</p>	<p>2</p> <p>Purchase paper from manufacturers that practice conservation or reforestation</p>	<p>3</p> <p>Purchase printer cartridges from vendors authorised by original cartridge manufacturer HP so that used cartridges are collected and handled by vendors</p>	<p>4</p> <p>Promoting awareness of waste reduction, reuse, and recycling through office posters and notices.</p>
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Waste from HEB’s operations arises from two main sources: general waste and scheduled waste. General waste consists of non-hazardous items such as garbage, food waste, and boxes, which are either directed for recycling or disposed of at designated areas. Scheduled waste, on the other hand, includes hazardous materials, such as chemicals, solvents, and certain industrial byproducts, that are strictly regulated due to their potential impact on human health and the environment. By tracking both types, we ensure compliance with environmental regulations, support efficient waste reduction strategies, and reinforce sustainability practices across the Group.

In FY2025, total general waste generated was 15,280 kg, with all of it properly disposed of. Scheduled waste, including fluorescent tubes, bulbs, chokes, and batteries, amounted to 67.25 kg, reflecting the gradual phase-out of non-energy-efficient electrical appliances across the organisation. Disposal was carried out by licensed contractors. Moving forward, we remain committed to further minimising scheduled waste generation while maintaining stringent control over its management and disposal.

General Waste	FY2025	FY2024	FY2023
Total general waste generated (kg)	15,280	11,031	3,250*
General waste directed to disposal (kg)	15,280	11,031	3,250*

Note:
 FY2023–FY2024 data comprise headquarters only. FY2025 data include both headquarters and the SMHB site office.
 *Collection started in the month of September 2023.

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Type of Scheduled Waste	Code	FY2025 (kg)	FY2024 (kg)	FY2023 (kg)
Total scheduled waste generated		67.25	170.95	86.20
(i) Fluorescent tube	SW 109	60.19	104.31	81.20
(ii) Bulbs	SW 109	0	0.40	0.40
(iii) Chokes	SW 110	0	54.72	0.00
(iv) Battery	SW 103	7.06	11.52	4.60

■ WATER MANAGEMENT

Recognising water as a critical resource under pressure from rapid development and rising global temperatures, we prioritise embedding effective water management strategies across all levels of operations. Our approach to responsible water management in FY2025 includes the following:

1

Encouraging mindful water consumption in the workplace by sharing water-saving tips and guidance through staff emails.

2

Displaying water-saving signage across the workplace to encourage responsible consumption habits.

3

All instances of water leakage should be reported to HR and Administration and remedied promptly.



Note: FY2024 figures were affected by a building meter reading issue.



SUSTAINABILITY STATEMENT

SOCIAL

■ EMPLOYEE AND PUBLIC SAFETY

Providing a safe and healthy working environment remains a core priority for the Group and is integral to sustaining our reputation, operational resilience, and long-term competitiveness. A strong emphasis on safety and health supports employee well-being, strengthens morale, and enables us to attract and retain a skilled workforce, while reinforcing a safety-first culture across the organisation.

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In FY2025, our occupational safety and health practices remained aligned with regulatory and certification requirements, with two non-conformance reports recorded during SIRIM audits. The findings provide valuable insights to further strengthen our management systems and reinforce our ongoing commitment to quality, safety, and regulatory compliance.

The Group maintains a comprehensive Occupational Health and Safety Management System designed to systematically identify, manage, and mitigate workplace risks. Our subsidiaries and associated companies remain compliant with ISO 45001:2018. In addition, our internal audit function is supported by trained auditors with competencies across multiple IMS standards, including ISO 45001:2018. These capabilities support ongoing verification of compliance with the Occupational Safety and Health Act 1994 (“OSHA”) across our operations.

The following section outlines key initiatives and practices undertaken to support workplace safety and health.

01 ESH Committee Meeting	05 Fire Prevention Training
02 Safety and Health Campaign	06 Fire Safety Emergency Drill
03 Safety Walkabout	07 Competency Training (e.g., Integrated Management System internal auditor, fire awareness programmes)
04 Occupational, Health and Safety Audit In Compliance with ISO 45001:2018	08 Emergency Response Plan and Preparedness Training

ESH Committee and Policy

Our approach to health and safety is guided by the Quality, Environmental, Safety and Health (“QESH”) Policy, which underpins the development of a strong, organisation-wide safety culture. The policy emphasises adherence to legal requirements alongside the adoption of recognised best practices to support consistent safety performance across our operations. Dedicated Emergency Response Teams and Environmental, Safety and Health (“ESH”) Committees are in place at headquarters to support the effective management and continual improvement of occupational health and safety.

SUSTAINABILITY STATEMENT

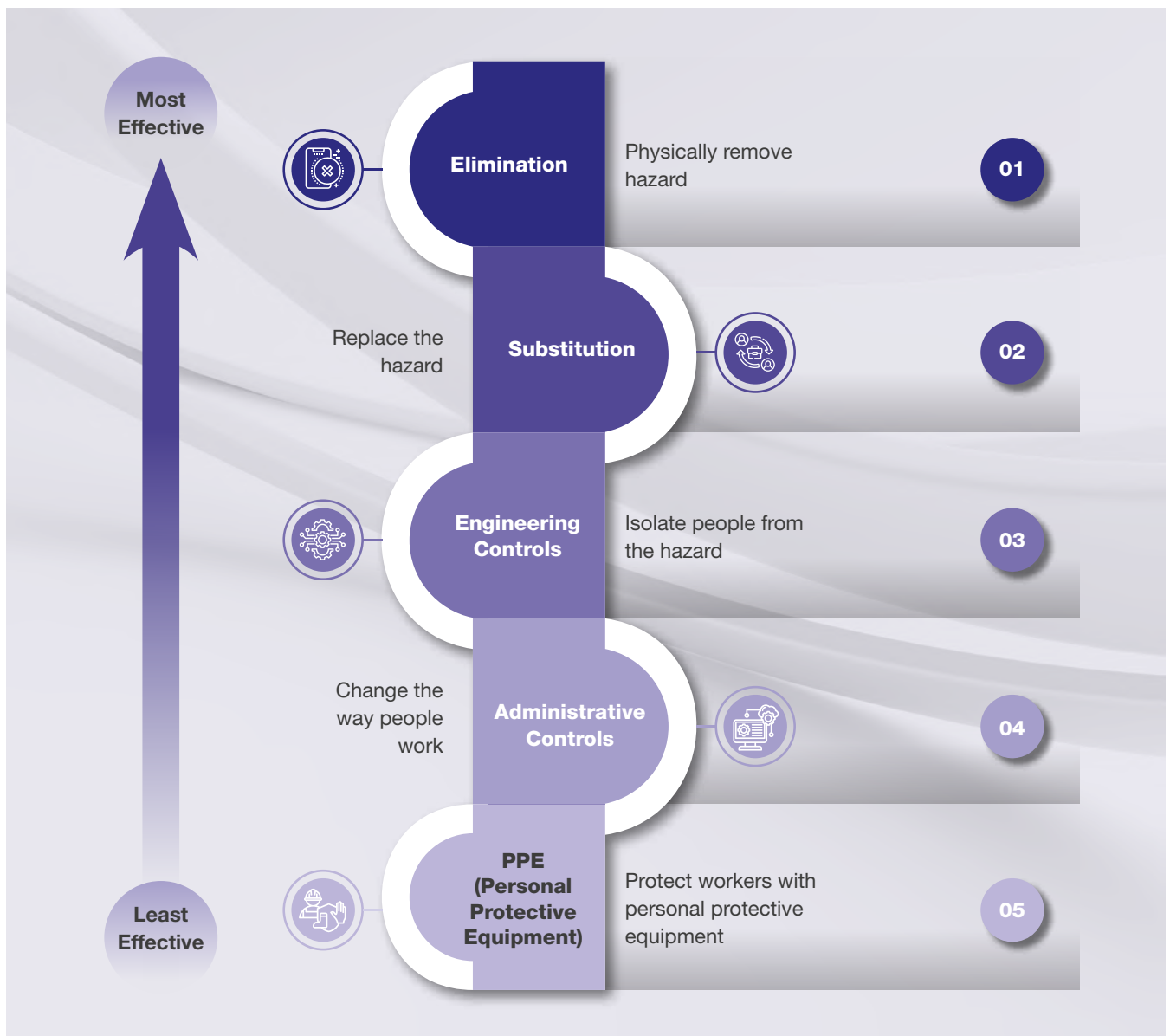
ESH Committee meetings are held quarterly to review workplace inspection findings, address identified issues, and agree on appropriate corrective actions. Progress and effectiveness of these actions are monitored and reviewed in subsequent meetings, supported by rectification records and photographic evidence. Management participation in these meetings ensures oversight and accountability, with approved meeting minutes serving as formal documentation of management’s review and endorsement.

■ Risk Identification and Assessment

A robust and systematic approach to risk identification and evaluation underpins the effective management of operational risks. Proactive risk identification and assessment are carried out on a regular basis and are undertaken prior to both routine and non-routine activities. These assessments focus on identifying measures to eliminate, reduce or prevent risks, with mitigation actions implemented in accordance with the hierarchy of controls.

Within HEB’s operations, occupational health and safety risks include exposure to hazardous substances, slips, trips and falls, as well as higher-impact risks such as psychological stress.

The hierarchy of controls illustrated below outlines the structured approach used to identify hazards that may result in high-consequence injuries and/or ill health.



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■ Safety and Health Trainings

All employees are required to undergo appropriate safety training, reinforcing the belief that safety is a shared responsibility and a way of thinking rather than the function of a single department. The following outlines the safety-related training and development programmes conducted for employees in FY2025.



	FY2025	FY2024	FY2023
Number employees trained on health and safety	189	55	93
Total hours of safety and health training	881	88	159.5

The table below indicates our occupational health and safety performance for the past three reporting years:

	FY2025	FY2024	FY2023
Number of fatalities	0	0	0
Number of lost-time injuries	0	1	0
Lost-time incident rate	0	0.12	0

■ Quality and Client Satisfaction

Client satisfaction remains a key driver of business sustainability, influencing customer loyalty, brand credibility, and long-term performance. Throughout FY2025, we continued to focus on strengthening the quality of our services to ensure consistent standards across our operations. Our service offerings are underpinned by recognised certification bodies, including compliance with the MS ISO 9001 Quality Management System standards. These include consultancy services for engineering study and engineering design, as well as site supervision, independent consultancy and project management.

To assess service quality and client experience, we have established multiple feedback mechanisms, including time-based surveys conducted after project initiation and experience-based surveys administered upon service completion. In addition, annual client satisfaction surveys are carried out to capture broader insights across various service dimensions. In FY2025, our client satisfaction index recorded a score of 86%. Our benchmark target for client satisfaction remains at a minimum of 85% annually, and we will continue to pursue improvements in service delivery and client experience moving forward.

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The table below provides a breakdown of our annual client satisfaction survey results by category.

No.	Survey Item	FY2025	FY2024	FY2023
1	Budget/Cost	83.5%	75.4%	81%
2	Schedules	90.5%	74.5%	89.5%
3	Occupational Health and Safety	77.5%	77.5%	91%
4	Environmental	81.5%	78%	91.5%
5	Quality	86%	77.3%	83.5%
6	Performance Satisfaction	87%	79.3%	100%

Note: FY2025 figures are calculated as the average percentage of HQ and SMHB survey results for each item.

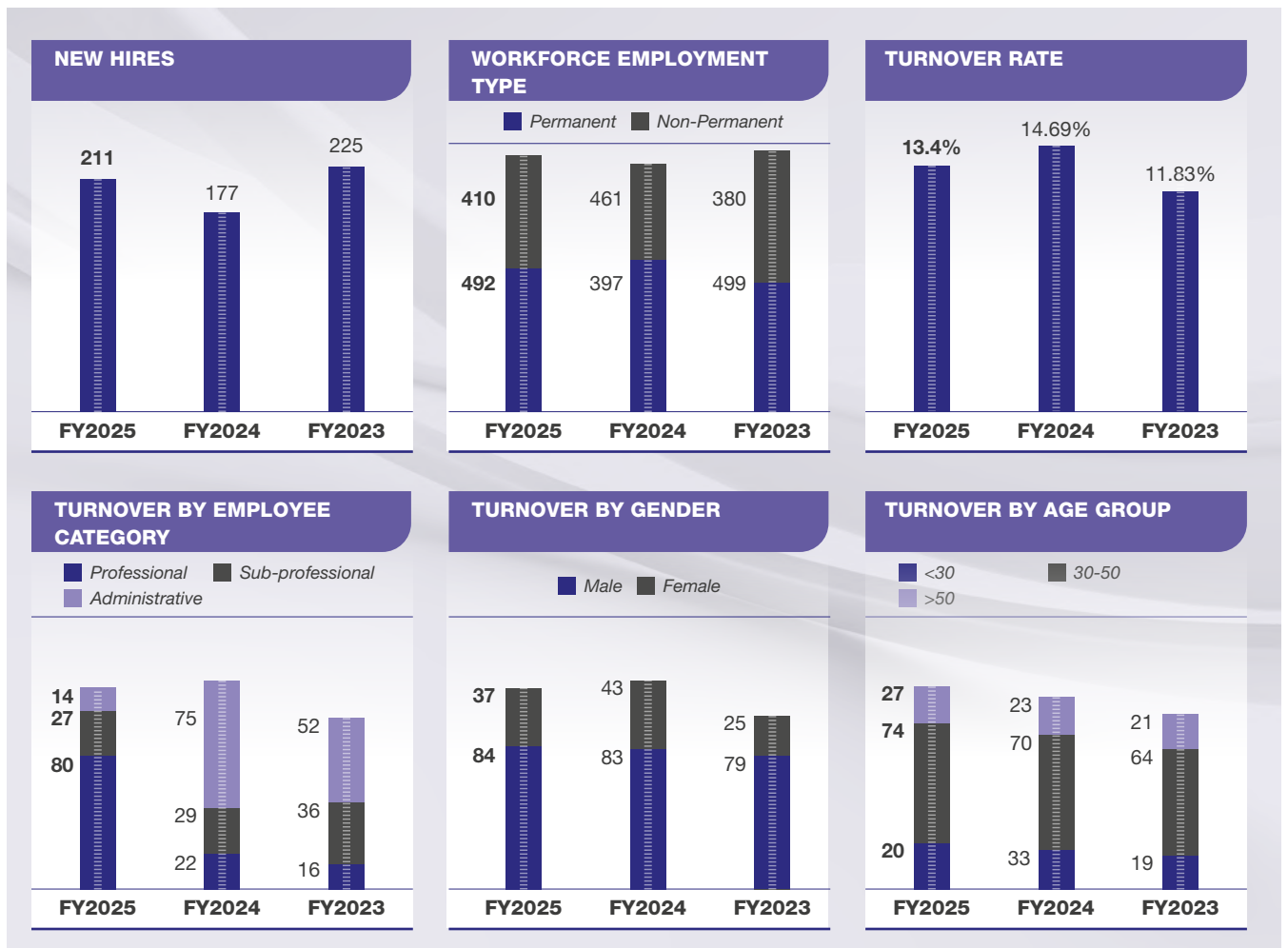
Employee Management

At HEB, our workforce plays a critical role in advancing our objectives and sustaining business growth through innovative contributions. We attract talent through competitive remuneration, ongoing development opportunities, and a collaborative work environment. To retain our people, we prioritise well-being, offer clear career progression, and foster a culture of recognition and support.

Talent Recruitment

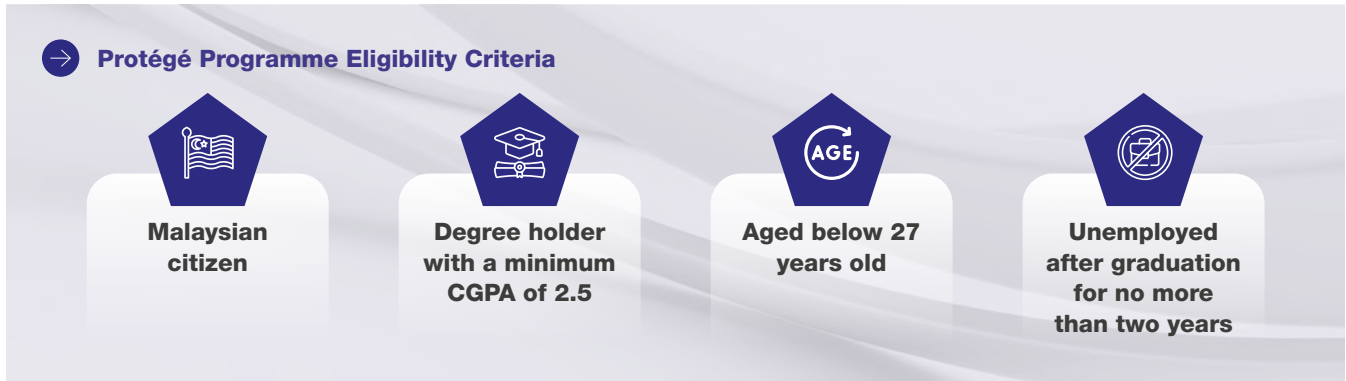
In FY2025, we welcomed 211 new employees as part of our ongoing efforts to strengthen workforce stability and enhance organisational capability.

The figures below illustrate our employee-related data from FY2023 to FY2025.



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Our Professional Training and Education for Growing Entrepreneurs (“Protégé”) programme reflects our long-standing commitment to developing Malaysia’s talent pool. The 12-month programme operates under the purview of the Ministry of Entrepreneur Development and Cooperatives (“MEDAC”) and combines structured soft skills training with on-the-job learning to support the development of engineering talent in Malaysia.



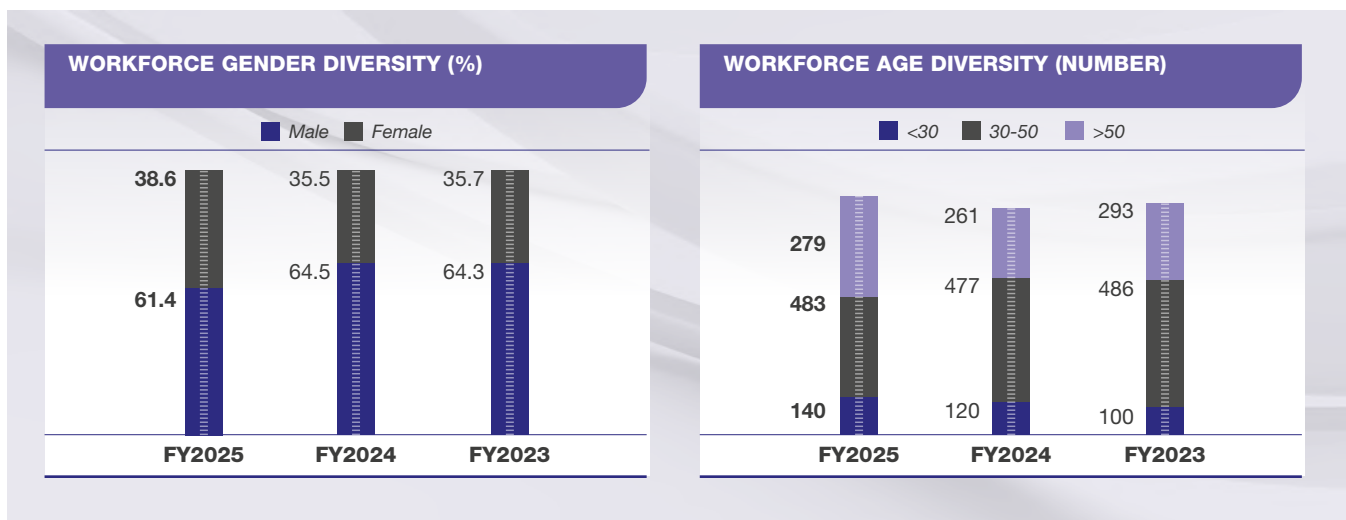
In FY2025, the Group onboarded 14 Protégé participants, of whom one was offered a permanent role upon programme completion. Cumulatively, the programme has engaged 104 participants since its introduction in FY2020, reflecting the Group’s ongoing commitment to building internal capabilities and supporting national talent development efforts. The table below summarises Protégé participation and permanent placements over the past three years.

HEB Protégé Outlook	FY2025	FY2024	FY2023
Protégé	14	16	20
Permanent Hire	1	2	2

Diversity

Our commitment to diversity, inclusiveness, and equal opportunities is reflected in our Diversity Policy and Code of Conduct. Beyond operational roles, we aim to strengthen female representation at the highest governance levels. As at the end of FY2025, 2 women serve on the Board, representing 28.57% female representation. We remain committed to promoting women in leadership and progressing toward the target of 30% female directors on the Board.

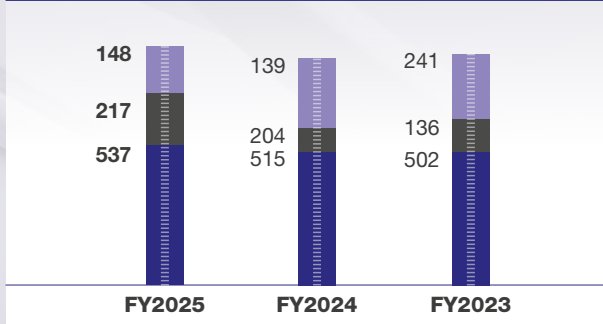
The table below presents HEB’s employee distribution by gender, age group, category, and ethnicity.



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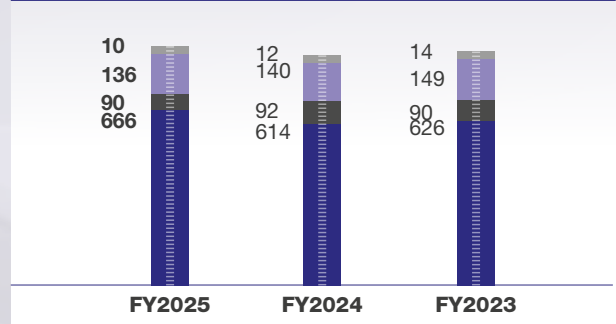
WORKFORCE EMPLOYMENT CATEGORY DIVERSITY (NUMBER)

Professional Sub-professional Administrative



WORKFORCE ETHNICITY DIVERSITY (NUMBER)

Malay Chinese Indian Others



Employee Engagement

To support employee retention, we facilitate regular activities through multiple channels, including performance review sessions and town hall meetings, ensuring two-way communication between employees and their supervisors to clarify expectations and drive continuous improvement.

In collaboration with our Sports and Recreational Club, the following activities were organised in FY2025

- 01 Badminton Tournament
- 02 Volleyball Tournament
- 03 Blood Donation
- 04 Bowling Tournament
- 05 Wellness Day
- 06 Table Tennis Tournament
- 07 Movie Night
- 08 Pickleball Tournament
- 09 Paintball Tournament
- 10 Coffee Day
- 11 Treasure Hunt and Gala Dinner



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■ Employee Benefits

We provide a comprehensive benefits package for our full-time employees to support their overall well-being, including health-care, insurance and leave options. The table below outlines some of the key benefits we offer:

Type of Benefits	Details	Applicable for full-time employee	Applicable for temporary/contract employee
Leave	Maternity leave	YES	YES
	Paternity leave	YES	YES
	Compassionate leave	YES	YES
	Marriage leave	NO	NO
	Study and examination leave	NO	NO
	Hajj (for Muslim staff)	YES	NO
	Pilgrimage (for non-Muslim)	NO	NO
Health benefits	Group hospitalisation and surgical plan	YES	NO
	Personal accident insurance	YES	YES
	Group Term Life and outpatient coverage	YES	NO
		YES	YES
Allowance and subsidy	Travelling allowance (mileage and subsistence allowance), handphone allowance, overseas training/work allowance	YES <i>(subject to approval from HODs)</i>	YES <i>(subject to approval from HODs)</i>
Award	Long-service awards	NO	NO

■ Training and Development

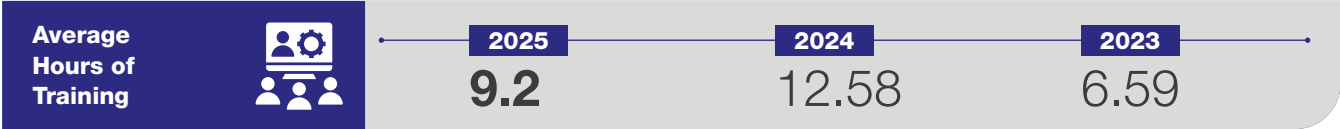
Committed to continuous learning, we equip our employees with the skills and knowledge needed to excel in their roles and grow professionally. Ongoing reviews are conducted to assess our training and development strategy, identifying skill gaps and priority areas for improvement. Department heads actively monitor workforce needs to plan targeted training interventions. In FY2025, we continued to support employee development and reinforce our organisational culture by providing training across the following areas:

List of Training Sessions	Percentage of Employee that Participated
Functional and Technical Training	82.02%
Sustainability/ESG-related Training	3.10%
Safety and Health Training	14.20%
Anti-Bribery	27.93%

In FY2025, we recorded 9.2 hours for average training hours per employee.

Employee Category	Total Hours of Training		
	FY2025*	FY2024	FY2023
Professional	6,786.5	8,150	4,936
Sub-professional	1,067.5	1,818	379
Administrative	469.5	825	476
Total	8,323.5	10,793	5,791

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Note: *FY2025 Data comprises of HEB Headquarters and SMHB

■ Respecting Human Rights

HEB’s Human Rights Policy aligns with the International Bill of Rights and the United Nations Guiding Principles on Business and Human Rights. The following principles underpin our commitment and priorities in integrating human rights considerations throughout our operations and stakeholder engagements:

Conducive Work Environment

01

- Fostering a work environment that encourages diversity, inclusivity, mutual respect, and collaboration
- Equal opportunities regardless of race, religion, nationality, age, gender, sexual orientation, disability, or any other protected category

Safety and Health

02

- Providing a safe and healthy working environment
- Providing appropriate training, ensuring that safety equipment is available and used correctly, and regularly reviewing and updating our health and safety policies

Workplace Security

03

- Providing a secure workplace, where all employees can perform their duties without fear of violence, threats, or other forms of harassment

Child Labour

04

- Strictly prohibits the use of child labour in any of our operations or supply chains

Anti-exploitation, Human Trafficking and Slavery

05

- Stand firmly against all forms of human exploitation, including human trafficking and slavery
- Do not tolerate these practices in our operations or supply chains and take measures to prevent them

Violence and Sexual Harassment

06

- Zero tolerance for any form of violence or sexual harassment in the workplace

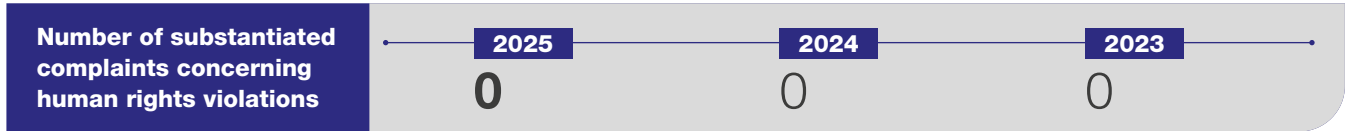
Fair Compensation and Wage Standards

07

- Adherence of the minimum wage as set by the Government

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In FY2025, there were no reported cases concerning human rights violations.



Data Privacy and Security

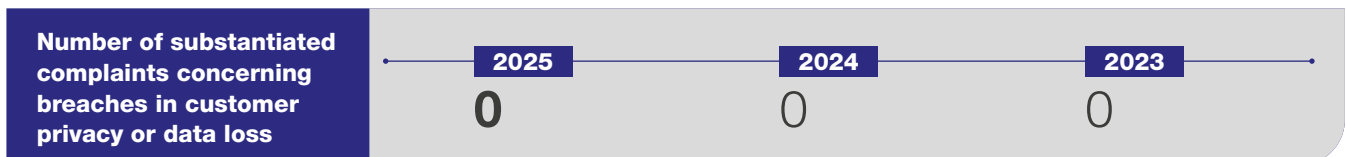
We leverage digitalisation to improve productivity and enhance the experiences of our customers and employees within our core businesses. At the same time, increased reliance on technology brings greater exposure to cybersecurity risks. To manage and mitigate this threat, we actively implement stringent cybersecurity measures, ensuring the protection of personal and customer data from unauthorised access and breaches.

Our IT Policy provides guidance on the management of software and hardware assets, network infrastructure, and both physical and cloud-based data storage. It ensures that all confidential information is handled responsibly, ethically, and in full compliance with applicable laws and regulations.

Our measure to protect customer data privacy:

- 1 All data on primary servers are automatically backed up daily to designated backup servers.
- 2 All data is transferred weekly to offsite portable devices.
- 3 Weekly cloud backup covering Finance, IT, Admin, Legal, and HR data.

As of FY2025, no complaints were received regarding breaches of customer privacy or data loss. We remain committed to upholding this standard by enforcing strict compliance measures and continually enhancing our data privacy and cybersecurity capabilities.



Local Communities

Local communities play a crucial role in societal well-being, fostering connections, supporting economic growth, and enriching the cultural landscape. For HEB, engaging and supporting these communities is essential not only for building trust and strong relationships but also for advancing sustainable development.

01

Limbang Lawas Local Plan 2035 Study



To guide sustainable growth in Limbang & Lawas, the Local Plan 2035 sets a framework for land use, infrastructure, & socio-economic development, supporting SPA decisions while aligning with state agendas & promoting balanced, competitive & sustainable progress. This program guides “sustainable growth” and aligns local development with state agendas to ensure balanced progress for the local residents through 2035

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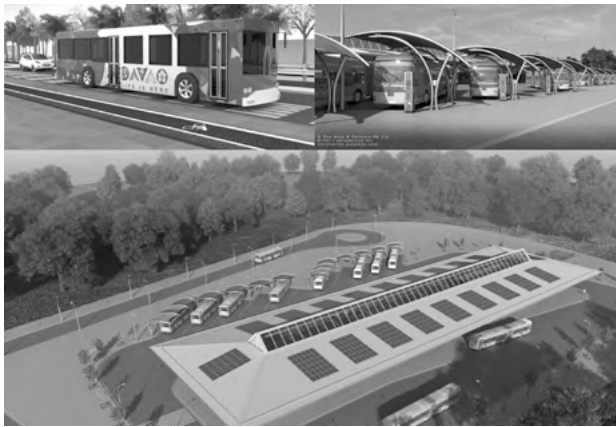
02

Cadangan Pelantikan Perunding Bidang : Kejuruteraan Awam & Struktur (C&S) Projek: Membina Baru Jalan Alternatif Kampung Sg. Riset / Kampung Skuduk Kampung Plaman Payang / Kampung Chupak, Serian

The State Government through the Greater Kuching Coordinated Development Agency (GKCD) and Ministry of Public Works took the initiative to provide a new alternative road at Kampung Sg, Riset/ Kampung Skuduk/ Kampung Plaman Payang/ Kampung Chupak by upgrading the existing gravel / earth road to a Standard R1 - 6.0 m Paved Road, connecting the new alternate road with culverts and spur roads from the existing Jalan Kampung. The project is estimated at RM 10.0 mil. with the following impact: Upgrades earth/gravel roads to paved standards, providing essential connectivity and safer travel for rural communities in Sarawak.



03

Davao Public Transport Modernisation Project

The Davao Public Transport Modernisation Project (DPTMP), also known as the High Priority Bus System (HPBS) or simply the Davao Bus Project, is a proposed 672-kilometer bus-based public transport system for the city, consisting of a core bus network of over 100km, and a feeder network of over 500km.

The project aims to establish a reliable, safe, accessible, environment-friendly and socially acceptable HPBS with elements of Bus Rapid Transit (BRT), which offer the full features of an intelligent transport system (ITS) as well as a fully dedicated lane and bus priority, offering a transformative solution to Davao's pressing transportation issues, fostering sustainable urban mobility, and enhancing the overall quality of life for its residents.

The DPTMP would replace the existing jeepney network with a four-tier, 29 route network operating with larger buses (including 18m articulated and 12m bus units), which significantly reduce the number of public transport vehicles on the roadways (i.e., reducing PUVs). The DPTMP also includes development of three public transport terminals, a driving school and five depots to house and maintain the vehicles overnight. This project enhances urban mobility and "quality of life" by providing a reliable, safe, and environment-friendly transport solution that reduces traffic congestion.



SUSTAINABILITY STATEMENT

■ Appendix

■ Sustainability Performance Data Table

The sustainability indicators presented in this report are compiled based on information collected from the Group's internal records and management systems. Where applicable, the data covers the Group's operations within the reporting boundary described in this Sustainability Statement.

As the Group continues to strengthen its sustainability reporting processes, improvements may be made to data collection methodologies and scope coverage in future reporting periods.

Category	Unit	FY2025*	FY2024	FY2023
Anti-corruption				
Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category	%	27.93	32.52	22.87
Professional	%	35.23	33.59	30.68
Sub-professional	%	14.02	23.53	5.81
Administrative	%	23.81	41.73	24.26
Bursa C1(b) Percentage of operations assessed for corruption-related risk	%	100	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	#	0	0	0
Community/Society				
Bursa C2(a) Total amount invested in the community where target beneficiaries are external to the listed issuer	MYR	N/A	3,700	N/A
Bursa C2(b) Total number of beneficiaries of the investment in communities	#	N/A	87	114
Diversity				
Bursa C3(a) Percentage of employee by gender and age group, for each employee category				
Age Group by Employee Category				
Professional <30	%	14.34	13.01	9.76
Professional between 30-50	%	60.89	61.17	60.56
Professional >50	%	24.77	25.83	29.68
Sub-professional <30	%	12.44	8.82	9.54
Sub-professional between 30-50	%	43.78	47.06	46.47
Sub-professional >50	%	43.78	44.12	43.98
Administrative <30	%	24.32	25.18	20.59
Administrative between 30-50	%	41.22	47.48	51.47
Administrative >50	%	34.46	27.94	27.34
Gender Group by Employee Category				
Professional Male	%	67.32	71.26	69.92
Professional Female	%	32.77	28.74	30.08
Sub-professional Male	%	71.43	79.41	79.67
Sub-professional Female	%	28.57	20.59	20.33
Administrative Male	%	25.68	17.99	17.65
Administrative Female	%	74.32	82.01	82.35

SUSTAINABILITY STATEMENT

Category	Unit	FY2025*	FY2024	FY2023
Diversity (continued)				
Bursa C3(b) Percentage of directors by gender and age group				
Male	%	71.43	75.00	75.00
Female	%	28.57	25.00	25.00
<30	%	0.00	0.00	0.00
Between 30-50	%	14.29	12.50	12.50
>50	%	85.71	87.50	87.50
Energy Management				
Bursa C4(a) Total energy consumption	Megawatt	937.21	966.28	991.14
Health and Safety				
Bursa C5(a) Number of work-related fatalities	#	0	0	0
Bursa C5(b) Lost time incident rate (LTIR)	Rate	0.00	0.12	0.00
Bursa C5(c) Number of employees trained on health and safety standards	#	189	55	93
Labour Practices and standards				
Bursa C6(a) Total hours of training by employee category				
Professional	Hours	6,786.5	8,150	4,936
Sub-professional	Hours	1,067.5	1,818	379
Administrative	Hours	469.5	825	476
Bursa C6(b) Percentage of employees that are contractors or temporary staff	%	54.55	56.80	46.22
Bursa C6(c) Total number of employee turnover by employee category				
Professional	#	80	75	52
Sub-professional	#	27	29	36
Administrative	#	14	22	16
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	%	99.00	99.00	99.00
Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	#	0	0	0
Water				
Bursa C9(a) Total volume of water used	Megaliters	6.231	5.928	4.999

SUSTAINABILITY STATEMENT

Category	Unit	FY2025*	FY2024	FY2023
Waste Management				
Bursa C10(a) Total waste generated	Metric tonnes	15.28	11.03	3.34
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00	0.00	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	15.28	11.03	3.34
Emissions Management				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ e	137.57	83.86	141.74
Bursa C11(a) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	725.80	736.36	751.00
Bursa C11(a) Scope 3 emissions in tonnes of CO ₂ e	tCO ₂ e	706.23	534.52	N/A

The indicators presented above represent key sustainability metrics monitored by the Group in relation to its material sustainability matters. Data is compiled from internal records and management reports. As the Group continues to enhance its sustainability reporting practices, additional indicators and improved measurement methodologies may be incorporated in future reporting periods.



SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-corruption	Percentage of employees who have received training on anticorruption by employee category (Professional)	Percentage	35.23	-	No assurance	-
Anti-corruption	Percentage of employees who have received training on anticorruption by employee category (Sub-professional)	Percentage	14.02	-	No assurance	-
Anti-corruption	Percentage of employees who have received training on anticorruption by employee category (Administrative)	Percentage	23.81	-	No assurance	-
Anti-corruption	Percentage of operations assessed for corruption-related risks	Percentage	100	100	No assurance	-
Anti-corruption	Confirmed incidents of corruption and action taken	Number	0	0	No assurance	-
Community/Society	Total amount invested in the community where target beneficiaries are external to the listed issuer	MYR	N/A	-	No assurance	-
Community/Society	Total number of beneficiaries of the investment in communities	Number	N/A	-	No assurance	-
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Professional <30)	Percentage	* 14.34	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20_18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Professional between 30-50)	Percentage	* 60.89	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Professional >50)	Percentage	* 24.77	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Sub-professional <30)	Percentage	* 12.44	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Sub-professional between 30-50)	Percentage	* 43.78	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Sub-professional >50)	Percentage	* 43.78	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Administrative <30)	Percentage	* 24.32	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Administrative between 30-50)	Percentage	* 41.22	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Age Group by Employee Category - Administrative >50)	Percentage	* 34.46	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20_18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Professional Male)	Percentage	* 6732	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Professional Female)	Percentage	* 32.77	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Sub-professional Male)	Percentage	* 71.43	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Sub-professional Female)	Percentage	* 28.57	-	No assurance	* -
Footnote 2025	Typo error					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
 FYE 31/12/2025

HSS Engineers Berhad
 BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Administrative Male)	Percentage	* 25.68	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of employee by gender and age group, for each employee category (Gender Group by Employee Category - Administrative Female)	Percentage	* 74.32	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of directors by gender and age group (Male)	Percentage	* 71.43	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Diversity	Percentage of directors by gender and age group (Female)	Percentage	* 28.57	30	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20_18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of directors by gender and age group (<30)	Percentage	0.00	-	No assurance	* -
Footnote Remarks						
No changes						
Diversity	Percentage of directors by gender and age group (Between 30-50)	Percentage	* 14.29	-	No assurance	* -
Footnote 2025						
Typo error						
Footnote Remarks						
No changes						
Diversity	Percentage of directors by gender and age group (>50)	Percentage	* 85.71	-	No assurance	* -
Footnote 2025						
Typo error						
Footnote Remarks						
No changes						
Energy Management	Total energy consumption	Megawatt	* 93721	-	No assurance	-
Footnote 2025						
Typo error						
Health and Safety	Number of work-related fatalities	Number	0	-	No assurance	-
Health and Safety	Lost time incident rate (LTIR)	Rate	0.00	-	No assurance	-
Health and Safety	Number of employees trained on health and safety standards	Number	* 189	-	No assurance	-

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Footnote 2025	Typo error					
Labour Practices and standards	Total hours of training by employee category (Professional)	Hours	* 6786.5	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Labour Practices and standards	Total hours of training by employee category (Sub-professional)	Hours	* 10675	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Labour Practices and standards	Total hours of training by employee category (Administrative)	Hours	* 469.5	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Labour Practices and standards	Percentage of employees that are contractors or temporary staff	Percentage	* 54.55	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
FYE 31/12/2025

HSS Engineers Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Practices and standards	Total number of employee turnover by employee category (Professional)	Number	* 80	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Labour Practices and standards	Total number of employee turnover by employee category (Sub-professional)	Number	* 27	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Labour Practices and standards	Total number of employee turnover by employee category (Administrative)	Number	* 14	-	No assurance	* -
Footnote 2025	Typo error					
Footnote Remarks	No changes					
Supply Chain Management	Proportion of spending on local suppliers	Percentage	99.00	-	No assurance	-
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	-	No assurance	-
Water	Total volume of water used	Megaliters	6.231	-	No assurance	-

SUSTAINABILITY STATEMENT

Date & Time: 2026-04-20 18:30:11
 FYE 31/12/2025

HSS Engineers Berhad
 BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Waste Management	Total waste generated	Metric tonnes	15.28	-	No assurance	-
Waste Management	Total waste diverted from disposal	Metric tonnes	0.00	-	No assurance	-
Waste Management	Total waste directed to disposal	Metric tonnes	15.28	-	No assurance	-
Emission Management	Scope 1 emissions in tonnes of CO2e	tCO2e	137.57	-	No assurance	-
Emission Management	Scope 2 emissions in tonnes of CO2e	tCO2e	725.80	-	No assurance	-
Emission Management	Scope 3 emissions in tonnes of CO2e	tCO2e	706.23	-	No assurance	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “**Board**”) of HSS Engineers Berhad (“**HEB**” or the “**Company**”) is committed to exercising good corporate governance by supporting and applying the Principles and Practices set out in the Malaysian Code on Corporate Governance 2021 (the “**Code**”). The Board recognises that maintaining good governance ethics is critical to business integrity and performance, and key to delivering shareholders’ value. In addition, the Board evaluates and where appropriate, implements relevant proposals to ensure that the Company and its subsidiaries (the “**Group**”) continue to adhere to good corporate governance with the aim of ensuring the Board’s effectiveness in enhancing shareholders’ value.

This statement is prepared in compliance with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and is to be read together with the Corporate Governance Report 2025 which can be downloaded from HEB’s website at www.hssgroup.com.my or from Bursa Securities’ website.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

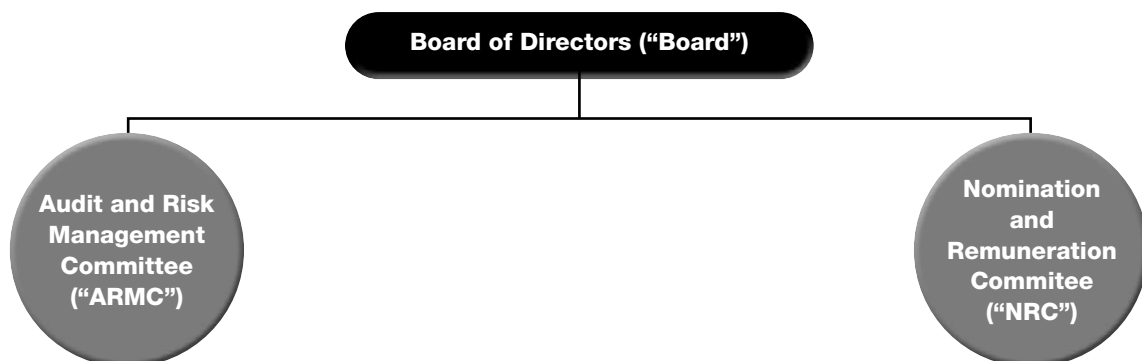
I. BOARD RESPONSIBILITIES

1. Board of Directors

The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group effectively and ethically. Each Director has a legal duty to act in the best interests of the Group and ultimately enhancing shareholders’ value. The Directors collectively and individually are aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed, details of which are set out in the Board Charter which is published on the Company’s website at www.hssgroup.com.my.

The Group’s corporate governance framework consists of a set of structures, policies and procedures. The fundamental of this framework is the Board which is supported by two (2) Board Committees to which the Board has delegated specific responsibilities, namely the Audit and Risk Management Committee and Nomination and Remuneration Committee.

The following diagram shows a brief overview of the two (2) Board Committees of the Company, each of which is explained in further detail in item 6 of this Corporate Governance Overview Statement:-



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board reserves full decision-making powers on the following matters:

- | | |
|--|---|
| (a) conflict of interest issues relating to substantial shareholders or Directors including but not limited to approving related party transactions or determining the appropriate course of action to take on conflict of interest matters; | (e) treasury policies; |
| (b) material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures; | (f) risk management policies; |
| (c) strategic investments, mergers and acquisitions, internal reorganisation and corporate exercises; | (g) key human resource issues and policies; |
| (d) limits of authority; | (h) sustainability policies and strategies; |
| | (i) dividend policies; |
| | (j) appointment of auditors, review and approval of financial statements and quarterly financial results; |
| | (k) financing and borrowing activities; |
| | (l) ensuring regulatory compliance; and |
| | (m) reviewing the adequacy and integrity of internal controls. |

The Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board also receives updates from the respective Chairmen of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

The Board communicates its directions to the Management of the Company through the Acting Group Chief Executive Officer (“GCEO”), who oversees the implementation. The Management is responsible for the day-to-day management of the Group pursuant to the powers delegated by the Board, subject to compliance with the applicable laws and regulations.

2. Acting Chairman, Executive Vice Chairman (“EVC”) and GCEO

The Acting Chairman of the Board, Dato’ Sri Ir. Hj. Ismail bin Md.Salleh, is the Senior Independent Non-Executive Director who leads the Board by setting the tone at the top. He manages the Board’s effectiveness by focusing on governance and compliance, and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. He further seeks to secure the provision of accurate, timely and clear information to the Board. During the Board meetings, the Chairman also maintains a collaborative atmosphere and ensures that all Directors contribute to debates.

The EVC, Tan Sri Ir. Kunasingam A/L V.Sittampalam, shall take the role if the acting Chairman is absent. He has also undertaken the responsibilities to perform the function of the GCEO since 30 November 2020. The Company and the Board are in the midst of identifying a suitable candidate to assume the role. The GCEO has executive responsibility over the business and the day-to-day management of the Group and acts as the conduit between the Board and Management in ensuring the success of the Group’s governance and management functions. He leads the Management and implements the policies, strategies and decisions by the Board, and monitors the operating and financial results against plans and budgets.

The distinct and separate roles of the Chairman, EVC and GCEO as undertaken by two (2) different individuals with a clear division of responsibilities have ensured the balance of power and authority, such that no one individual has unfettered powers of decision-making. The Board is aware that the roles of EVC and GCEO are currently held by the same person and is cautiously screening the right candidate to act as GCEO.

3. Company Secretary

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Company’s Constitution, the Board policies and procedures and the applicable laws and regulations which are required to be complied with. All Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board’s affairs and business. If necessary, the Board members are entitled to obtain independent professional advice from the Company Secretaries at the Company’s cost, relating to the affairs of the Group or their responsibilities as Directors.

The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and statutory registers are properly maintained at the registered office of the Company. The Board is also regularly updated and kept informed by the Company Secretaries of the latest developments of the MMLR, directives and circulars from Bursa Securities as well as other legal and regulatory developments that may affect the Company and Directors’ duties and responsibilities.

The appointment and removal of Company Secretaries are matters reserved for the Board.

The Board is satisfied with the professionalism and competency of the Company Secretaries as shown in their advice and support provided to the Board and Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. Board Charter, Codes and Policies

The Board has the following in place:-

(a) Board Charter

The Board Charter clearly sets out the key values, principles and ethos of the Company, as policy delineates the roles of the Board (including matters reserved for the Board), the Chairman, the EVC, the GCEO, the Senior Independent Non-Executive Director (“**SINED**”), the Board Committees and individual Directors. It provides structure, guidance and ethical standards for Directors and Management in discharging their duties towards the Company as well as the Board’s operating practices. The Board will review the Board Charter every year and make any necessary amendments to ensure that they remain consistent with the Board’s objectives, current law and practices. A copy of the Board Charter is published on the Company’s website at www.hssgroup.com.my.

The SINED, Dato’ Sri Ir. Hj. Ismail Bin Md.Salleh, who is also the NRC’s Chairman, is responsible to provide an independent point of contact for shareholders.

(b) Code of Conduct and Code of Ethics of Directors

The Code of Conduct and Code of Ethics of Directors encompass all aspects of the Group’s daily business operations. Directors and employees of the Group are expected to conform and observe an appropriate decorum and behaviour that promotes honesty and integrity when engaging with both employees and stakeholders.

All Directors and employees of the Group are expected to exercise caution and due care to safeguard confidential and price-sensitive information of the Company and its business associates from being misused including for personal benefits, at all times.

Notices on the closed period for trading in the Company’s shares are sent to Directors, principal officers and the relevant employees on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company’s shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR of Bursa Securities. Both the Code of Conduct and Code of Ethics of Directors can be found on the Company’s website at www.hssgroup.com.my.

(c) Anti-Bribery Policy

The Anti-Bribery Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the Group’s operations. This Policy is published on the Company’s website at www.hssgroup.com.my.

Relevant procedures have been implemented, as guided by the Guideline on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009. Almost all the companies within the Group have implemented an Anti-Bribery Management System in compliance with ISO 37001:2016 and MS ISO 37001:2016. Ongoing efforts are being taken for implementation in compliance with ISO 37001:2025.

(d) Whistle-Blower Policy

The Whistle-Blower Policy serves as a guide to the employees on how to raise genuine concerns related to possible improprieties in matters of financial reporting, compliance, corruption and other practices at the earliest opportunity and in an appropriate way. The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing. This policy is available on the Company’s website at www.hssgroup.com.my.

(e) Gift, Hospitality and Donation Policy

The Company recognises the importance of conducting business transparently, honestly and with integrity, as well as to conduct business in accordance with applicable anti-bribery and anti-corruption laws. The policy sets out the general principles and conditions to be fulfilled in respect of giving and receiving gifts and hospitality as well as donations. This policy is available on the Company’s website at www.hssgroup.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(f) Directors' Fit and Proper Policy

The Board established the Directors' Fit and Proper Policy to ensure that any person to be appointed or elected/re-elected as a Director of HEB and its subsidiaries shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required for the position in the most effective manner. The Directors' Fit and Proper Policy is made available on the Company's website at www.hssgroup.com.my.

(g) Sustainability Policy

The Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction of the Group. To achieve this, the Board has put in place the Sustainability Policy to further strengthen the framework and ensure that there is an effective governance framework for sustainability within the Group. HEB's Sustainability Policy is benchmarked against the United Nations Sustainability Development Goals (SDGs).

The Board of HEB is committed to formulating long term strategies that balance economic, environmental and social considerations in all aspects of HEB's businesses through its Engineering Consultancy and Project Management practices. This commitment is reflected in the Sustainability Policy, where the Company actively considers environmental, social and governance (ESG) risks and impacts to create shared prosperity for current and future generations without compromising on our principles. The principles and policies that make up HEB's Sustainability Policy are to be implemented throughout the Group. The Sustainability Policy is made available on the Company's website at www.hssgroup.com.my.

(h) Conflict of Interest Policy

The Board has established the Conflict of Interest Policy to ensure conflict of interest cases are handled appropriately, promoting transparency, fostering a culture of honesty and accountability as well as good governance within the Group. This policy applies to all Directors and Senior Management of HEB Group. It covers conflict of interest and potential conflict of interest that may arise between their personal interests and the interests of HEB or its subsidiaries. The Conflict of Interest Policy is made available on the Company's website at www.hssgroup.com.my.

(i) Corporate Disclosure Policies and Procedures

The Corporate Disclosure Policies and Procedures is established to develop an effective Investor Relations programme and strategy to communicate the corporate vision, strategies, developments, financial plans and prospects to investors, the financial community and other stakeholders fairly and accurately and to obtain feedback from the stakeholders. It outlines the Company's approach towards the determination and dissemination of material information especially price-sensitive information, the circumstances where confidentiality of the information will be maintained, and prohibitions on insider trading. It also sets out the internal guidelines to facilitate implementation and consistent disclosure practices across the Group. The Corporate Disclosure Policies and Procedures is made available on the Company's website at www.hssgroup.com.my.

(j) Other Policies

The Company has a number of other policies which define the Company's commitment toward a good corporate governance and business practices, including Remuneration Policy, Dividend Policy, Diversity Policy and Human Rights Policy. All of these policies are made available on the Company's website at www.hssgroup.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. Board Meetings and Access to Information

The Board ordinarily schedules to meet quarterly with additional meetings to be convened when urgent and important decisions need to be made between the scheduled meetings. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated before the beginning of each year.

The Board had held five (5) Board Meetings during the financial year ended 31 December 2025 ("FYE 2025") and the attendance record is as follows:

Directors	Total Number of Meetings Attended
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh <i>(Senior Independent Non-Executive Director/Acting Chairman)</i>	5/5
Tan Sri Ir. Kunasingam A/L V.Sittampalam <i>(Executive Vice Chairman/Acting Group Chief Executive Officer)</i>	5/5
Puan Ir. Sharifah Azlina Bt Raja Kamal Pasmah <i>(Executive Director)</i>	5/5
Datuk Ir. Teo Chok Boo <i>(Executive Director)</i>	5/5
Ir. Prem Kumar A/L M. Vasudevan <i>(Executive Director)</i>	5/5
Vanessa A/P Santhakumar <i>(Non-Independent Non-Executive Director)</i>	5/5
Tai Keat Chai <i>(Independent Non-Executive Director)</i>	5/5
Dato' Mohd Zakhir Siddiqy Bin Sidek <i>(Independent Non-Executive Chairman) (resigned with effect on 31 July 2025)</i>	3/5

There is a procedure in place for timely dissemination of Board and Board Committees' meeting papers as well as minutes of meeting to all Directors within a reasonable period prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Management may be invited to attend and speak at meetings on matters relating to their sphere of responsibility. The Board may also invite external parties such as external auditors, solicitors and consultants as and when the need arises.

6. Board Committees

The Board Committees are to examine specific issues within their respective approved Terms of Reference and report to the Board with their recommendations. However, the ultimate responsibility for decision making remains with the Board. The Terms of Reference of the Board Committees are available for reference on the Company's website at www.hssgroup.com.my.

Audit and Risk Management Committee ("ARMC")

The ARMC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The ARMC maintains direct and unfettered access to the Company's External Auditors, Internal Auditors and Management.

A full ARMC report is set out on pages 95 to 96 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nomination and Remuneration Committee (“NRC”)

The NRC assists the Board in ensuring that the Board comprises individuals with the necessary skills, knowledge and experience for the effective discharge of their responsibilities and in matters relating to the remuneration of the Board and the Senior Management.

The NRC comprises entirely Non-Executive Directors who are majority independent. During the year under review, there were two (2) meetings held. The details of members of the NRC and the attendance record of meetings are as follows:

NRC Members	Designation	Total Number of Meetings Attended
Dato’ Sri Ir. Hj. Ismail Bin Md.Salleh <i>(Senior Independent Non-Executive Director/ Acting Chairman)</i>	Chairman	2/2
Tai Keat Chai <i>(Independent Non-Executive Director)</i>	Member	2/2
Vanessa A/P Santhakumar <i>(Non-Independent Non-Executive Director)</i>	Member	2/2

Below is the summary of the key activities undertaken by the NRC in discharge of its duties during the year under review:-

- Reviewed and recommended the revised NRC’s Terms of Reference to the Board for approval and adoption;
- Reviewed and recommended to the Board for approval, the re-election and retirement by rotation of Directors in line with the Fit and Proper Policy at the Tenth Annual General Meeting (“**AGM**”);
- Reviewed and recommended to the Board for approval, the fees and benefits payable of the Non-Executive Directors at the Tenth AGM;
- Conducted the annual assessment of the Board, the Board Committees and the individual Directors;
- Reviewed the terms of office of ARMC and performance of the ARMC as well as each ARMC member;
- Reviewed and assessed the ARMC’s activities, performance and the NRC Statement for inclusion into the Annual Report;
- Reviewed the independence of Independent Directors;
- Reviewed trainings completed as well as training needs for Directors;
- Reviewed the remuneration policy to ensure it was aligned with the MMLR of Bursa Securities and the Code;
- Reviewed the remuneration packages of the Executive Directors and Senior Management of the Company;
- Reviewed and recommended the Directors’ Fit and Proper Policy to the Board for approval and adoption;
- Reviewed and recommended the redesignation of Dato’ Mohd Zakhir Siddiqy Bin Sidek as Non-Independent Non-Executive Chairman to the Board for approval; and
- Reviewed and recommended nomination of Ms Vanessa A/P Santhakumar as a member of Audit and Risk Management Committee member to the Board for approval.

II. BOARD COMPOSITION**1. Composition and Diversity**

The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retain its competitive advantage. In this respect, the Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independent elements that fit the Company’s objectives and strategic goals.

The Board consists of one (1) SINED/Acting Chairman, one (1) Executive Vice Chairman/Acting GCEO, one (1) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director, three (3) Executive Directors and one (1) Alternate Director to the Executive Director. A brief profile of each Director is presented in pages 24 to 31 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors bring to the Board extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the Management of the Group, the conduct of its business and the strategic direction of its development. The appointment of the Board members and Senior Management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Although the Board acknowledges the need to promote gender diversity within its composition and endeavours to increase female participation in the Board and Senior Management in the near future, the Board has decided not to set any specific targets as it believes that it is more important to have the right mix and skills in the Board and Senior Management composition instead of merely looking at the percentage. Currently, there are two (2) female Directors serving as members of the Board, representing 28.57% of female representation on the Board.

Diversity in Senior Management will induce constructive debates, which lead to better decision making and foster discussion in an ever-changing environment. The Board also values the diversity of perspectives and experience at Senior Management level for better insights and competitive advantage. Currently there is one (1) female representation in the Senior Management position of the Company.

With a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting) and technical areas of the industries the Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspective on the Group's business and direction.

The Board's Diversity Policy is published on the Company's website at www.hssgroup.com.my.

2. Independence

The Board recognises the importance of significant representation by Directors who are capable and willing to make decisions in the best interest of shareholders, free from any conflict of interest and are also independent of the Management. Independent Non-Executive Directors are those who have the ability to exercise their duties and express their views unfettered by familiarity or business or other relationships.

Presently, the Board has two (2) Independent Non-Executive Directors, namely Dato' Sri Ir. Hj. Ismail Bin Md.Salleh and Mr Tai Keat Chai. They are neither the substantial shareholders nor employees of the Group and have no relationships which are likely to affect or impact their independent judgment.

In line with the Code and the Board Charter, the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as Non-Independent Director. The Board, subject to justification and obtaining the approval of the shareholders, may retain an Independent Non-Executive Director who has served a cumulative term of nine (9) years as an Independent Non-Executive Director of the Company.

The independence of the Independent Non-Executive Directors is assessed on an annual basis under the annual Board assessment process. The assessment of independence is based on the criteria prescribed by Bursa Securities and the Board was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors.

3. Board Appointments and Re-election of Directors

The appointment of Directors to the Board of HEB is subject to a formal, rigorous and transparent process. The Board, through the NRC, will consider the following for the appointment of new Directors and re-election of retiring Directors:-

- (a) the composition requirements of the Board and its committees;
- (b) the candidate's age, education background, experience, skills, knowledge, expertise, integrity, any potential conflict of interest and other qualities which are relevant for the Board to discharge his or her responsibilities in an effective and competent manner;
- (c) the candidate's independence (for the appointment/ re-election of Independent and Non-Executive Directors);
- (d) the candidate's ability to allocate time and commitment to attend to the Group's affairs; and
- (e) the annual assessment of the candidate (for the re-election of retiring Directors).

In FYE 2025, there was no new appointment of Director at HEB's level. However, the Board through the NRC will continue to review and assess the composition of the Board, Board Committees, all Directorships and Senior Management of the Company pursuant to Clause 2.1 of the TOR of NRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to the Company's Constitution, one-third (1/3) of the Board is subject to retirement by rotation at each AGM provided always that each Director shall retire at least once in every three (3) years and the retiring Director shall be eligible for re-election at each AGM of the Company. Further, a retiring Director shall retain office until the conclusion of the AGM at which he retires.

Upon the recommendation of the NRC, the Board has confirmed that the following Directors who are retiring and standing for re-election at the Eleventh AGM continue to perform effectively and demonstrate commitment:

Directors	Designation
Puan Ir. Sharifah Azlina Bt Raja Kamal Pasmah <i>(Clause 93)</i>	Executive Director
Datuk Ir. Teo Chok Boo <i>(Clause 93)</i>	Executive Director

Information on each of the Directors standing for re-election is set out on pages 26 and 27 of this Annual Report.

4. Annual Assessment

The NRC is responsible in evaluating the performance and effectiveness of the entire Board, the Board Committees and individual Directors on a yearly basis. The evaluation process is led by the NRC Chairman and supported by the Company Secretary via questionnaires. The annual assessments for the Board, Board Committees and individual Directors (including Independent Directors) were carried out on self and peer assessment basis. The results were summarised and discussed at the NRC meeting as well as shared with the entire Board. The NRC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for the purpose of forming the basis of recommending the relevant Directors for re-election at the AGM.

The NRC had on 25 February 2026 assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board for the period from 1 January 2025 to 31 December 2025.

The assessment criteria used in the assessment of the Board and individual Directors include a mix of skills, knowledge, Board diversity, size and experience of the Board, core competencies and contribution of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their functions.

The Board is satisfied that the skills and experience of the current Directors meet the requirements of the Company's skills matrix. The Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business.

5. Board Evaluation

The Board's evaluation comprises of performance evaluation of the Board and various Board Committees, Directors' self-evaluation, Directors' peer evaluation and assessment of the independence of the Independent Directors. The assessment is based on four (4) main areas relating to board structure, board operations, Board and Chairman's roles and responsibilities and Board Committees' roles and responsibilities. For Directors' self and peer evaluation, the assessment criteria include abilities and competency, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings, including his or her contribution to the Board's processes.

During the year, the Board conducted an internally facilitated Board assessment. To facilitate the Board evaluation, the questionnaires were developed based on the abovementioned criteria and distributed to all the Directors for completion. Subsequently, the results and recommendations from the evaluation of the Board and Committees were reported to the Board for consideration and action. The Board was satisfied with the outcome and opined that the skills and experience of the current Directors meet the requirements of the skills matrix and that the Acting Chairman possesses the leadership to safeguard the stakeholders' interests and ensure the Group's profitable performance. The Directors had also committed the time necessary to responsibly fulfill their commitment to the Company and Group during the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

6. Directors Training

All Directors have attended the Mandatory Accreditation Programme Parts I and II as required by the MMLR of Bursa Securities.

The Board members are also encouraged to attend training programmes conducted by competent professional organisations and which are relevant to the Group's operations and business. Listed below are the briefings, seminars, conferences, workshops and training programmes attended by the Directors during the FYE 2025:-

Director	Seminars/Conferences/Training Programs Attended	Organiser
Tan Sri Ir. Kunasingam A/L V.Sittampalam	Essential Contract Administration for PWD 203A Rev 1	Edward Lee
	AI Training & Generative AI	Knowledgemcom
	Mandatory Accreditation Programme Part II - Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)
	Performance Management	HSS Engineers Bhd
	Constructing the Future of Asean	International Construction Transformation Conference
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	ITS World Congress 2025 Atlanta, Georgia USA	ITS Malaysia
	MyASEAN Roads & Traffic Tech Expo (MyARTTE) 2025 & Malaysia Road Maintenance Convention (MRMC) 2025	MITEC Kuala Lumpur
Datuk Ir. Teo Chok Boo	Malaysia Economic Forum 2025	Ministry of Economy with Maybank & CGS International
	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	ICDM
	Undergo E-Invoicing in Malaysia Developments and Updates Training	Association of Consulting Engineers Malaysia (ACEM)
	Sales Tax and Service Tax Expansion of scope revealed	KPMG in Malaysia
	Charting the Change: Adapting to Malaysia's Stamp Duty Self-Assessment Regime	Deloitte
	Undergo Webinar on Current Construction Law Issues Defects & Liability Contractor's Duties under Contract Tort Training	ACEM
Mr. Tai Keat Chai	Seminar on Companies Limited by Guarantee under the Companies Act 2016	SSM
Puan Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Forum on Consultancy Practice in Asia	Thailand Council of Engineers
	ESG Awareness for Engineering Consultancy Practice (ECP)	ACEM
	3 Day Course on Contract Administration of PWO 203A Rev 1	Events Solution
	Role of Value Management in Optimizing Projects	ACEM
	Introduction to AI	Knowledgecom
	Osaka World Expo	MITI/CIDB/ Ministry of Works (MOW)
	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	ICDM
	Workshop on ESG for ECP	Board of Engineers Malaysia (BEM)
	International Construction Transformation Conference	MOW & CIDB
Engineering Lessons from 100 Days World Lecture	Institution of Engineers, Malaysia (IEM)	
Optimizing Project Efficiency with LEAN Principles	IEM	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Seminars/Conferences/Training Programs Attended	Organiser
Ir. Prem Kumar A/L M Vasudevan	Mandatory Accreditation Programme Part II : Leading for Impact (LIP)	ICDM
	FIDIC Contract Introductory Course	BEM/ACEM
	FIDIC Contract - Dispute Resolution Course	BEM/ACEM
Ms Vanessa A/P Santhakumar	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi	MWA/MAPMA Conference	MWA
	MWA Water Conference	MWA
	MWA Conference (Data Centre)	MWA
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM

In addition, the Directors received regular briefings and updates on the Group's businesses, operations, risk management activities, MMLR and relevant law updates from Management and external advisors from time to time. The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

III. REMUNERATION

In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and Senior Management in order for the Company to benefit by attracting and retaining a high-quality team. The remuneration packages for the Executive Directors and Senior Management comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances determined by the Group's Human Resource policies) and variable components (which normally comprise of annual bonus) together with benefits-in-kind, if any to reward performance that supports the Group's strategy and creates sustainable long-term value for shareholders.

When reviewing the structure and level of Directors' fees, the NRC takes into consideration the Directors' roles and responsibilities and the NRC also compares against the peers' practices, demands, complexities and performance of the Company. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken. Each Non-Executive Director receives a base fixed fee and each Director receives meeting allowance for each Board, Board Committee and general meeting that they attend. The fees for Directors are determined by the Board with the approval from shareholders at the AGM and the respective Directors abstained from voting to approve his or her fees.

The Remuneration Policy is available for reference on the Group's website at www.hssgroup.com.my.

The NRC also reviews the remuneration packages of the Senior Management annually by taking into consideration the Company or Group performance, individual performance against the key performance indicators as well as the required qualification, skills, experience and comparable market statistics.

Detailed information on the Directors' remuneration for the FYE2025 on a name basis is disclosed under Note 22 of the Financial Statements section in this Annual Report.

Although the Code has stipulated that the Company should disclose on a name basis the top five (5) Senior Management's detailed remuneration including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000, the Board, however, is of the opinion that the disclosure would not be in the best interest of the Group as it would affect the Group's efforts in talent retention and management within the competitive industry as well as for confidentiality reasons.

In accordance with the Remuneration Policy, the Board recognises the importance of compensating Senior Management with a competitive remuneration package based on their scope of responsibilities and performance. The Board ensures that the remuneration is in the best interests of the Company and its shareholders from a growth perspective, since it helps motivate and retain talented and committed Senior Management staff.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

1. Composition

The ARMC comprises only the Non-Executive Directors. All ARMC members are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the ARMC. The Chairman of the ARMC is not the Chairman of the Board, ensuring the impartiality and objectivity of the Board's review on the ARMC's findings and recommendations remain intact.

The ARMC's Terms of Reference ("**TOR**") requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of ARMC.

The NRC reviews the composition and terms of office of the ARMC annually and recommends to the Board for approval, ensuring that majority of the ARMC members shall be independent and all ARMC members shall be financially literate and understand matters under the purview of the ARMC.

2. External Auditors

The ARMC assesses the suitability, objectivity and independence of the external auditors on an annual basis. The ARMC will take into consideration the adequacy of the experience and resources of the audit firm and obtains the written assurance from the external auditors confirming that they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment procedures are spelt out in the ARMC's TOR which is published on the Company's website.

The external auditors also have direct access to the ARMC to highlight any issues of concern at any point in time. Pursuant to the ARMC's TOR, the ARMC shall meet with the external auditors at least once a year without the presence of the Executive Directors and Management to discuss on audit findings, audit plans and the Company's financial statements.

3. Financial Reporting

The Board aims to present a clear, balanced and comprehensive assessment of the Group's financial position and future prospects that extends to the annual and quarterly financial statements. The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the applicable approved accounting standards.

In assisting the Board to discharge its duties on financial reporting, the ARMC is tasked with reviewing the quarterly results and the year-end financial statements of the Group, focusing particularly on:

- (a) major changes in or implementation of accounting policies relevant to the Group;
- (b) significant matters highlighted including financial reporting issues, significant judgments made by Senior Management, significant and unusual events or transactions and how these matters are being addressed;
- (c) the going concern assumption; and
- (d) compliance with accounting standards and other legal requirements.

A full ARMC report is set out on pages 95 to 96 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for reviewing and approving the Group's overall risk philosophy and risk appetite, recognising and understanding the major risks to which the Group is exposed and ensuring appropriate systems are in place to effectively identify, control and manage those risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company has in place an Enterprise Risk Management Framework and adopts a Risk Management Policy for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board, through its ARMC, reviews and monitors the key risks identified by its outsourced Internal Auditors, Centegy Governance Advisory Sdn. Bhd., to ensure proper management and mitigation of risks and report to the Board. The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Statement on Risk Management and Internal Control on pages 97 to 99 of this Annual Report provides an overview of the risk management practices and internal controls implemented by the Group.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board believes that shareholders, regulators, the investment community and the media should be informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Group has in place Corporate Disclosure Policies and Procedures not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, but also setting out the persons authorised and responsible to approve and disclose material information to the stakeholders.

The Group also has an investor relations program to facilitate effective two-way communication with investors and analysts and to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. The Group engages with institutional investors, private investors and analysts throughout the year via scheduled and ad hoc interactions.

The Company has a dedicated investor relations function led by the Chief Operating Officer of the Company's major subsidiary, with responsibilities over Corporate Communication and Business Development of the Group.

When the Company makes announcement on a major corporate exercise, it is typically accompanied by a press release. Press conferences are typically held following general meetings approving such major corporate exercise which provides an opportunity for the Management team to meet existing and/or potential investors in a concentrated set of dedicated meetings.

It is the Group's practice that any material public announcement, including annual and quarterly financial statements, press releases and presentations to investors, analysts and media are factual, and reviewed internally before issuance to ensure accuracy and expressed in a clear and objective manner.

The Group's corporate website includes an Investor Relations section which provides all relevant information of the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. The stakeholders may subscribe to email alerts from the Group via the Group's corporate website at www.hssgroup.com.my.

II. CONDUCT OF GENERAL MEETINGS

1. Shareholder Participation at AGM

The Board is aware that the AGM is the primary platform for two-way communication between the shareholders and Management of the Group. Pursuant to the MMLR of the Bursa Securities, the notice of AGM shall be given to all shareholders at least 21 days before the meeting. Notwithstanding that, the Code recommended that the notice of AGM shall be given to the shareholders at least 28 days prior to the meeting. Hence, HEB had issued its last year Tenth AGM's ("10th AGM") Notice on 30 April 2025, which was 42 clear days prior to the meeting on 11 June 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In 2025, the Company conducted its physical AGM on 11 June 2025 at Banyan Room, Ground Floor, Sime Darby Convention Centre (SDCC), 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. During the AGM, the Board had presented the Group's overview strategy, performance and major developments. Shareholders were encouraged to raise questions, suggestions, or comments during the AGM and all the questions raised by the shareholders were responded to. Majority of the Directors attended last year's 10th AGM.

2. Voting

In compliance with the MMLR of Bursa Securities, the Company has implemented poll voting for all resolutions set out in the Notice of AGM to be voted via electronic means, to expedite verification and counting of votes. The Company has appointed an independent scrutineer to validate the votes cast at the AGM. The poll results were also announced by the Company via Bursa LINK on the same day for the information of all shareholders. The Minutes of the 10th AGM (including all the questions raised during the meeting) were published on the Company's corporate website no later than 30 business days after the AGM held on 11 June 2025.

Shareholders who are unable to attend the AGM of the Company are encouraged to vote on the proposed motions by appointing a proxy. Submission of the Proxy Form was available by hand or post addressed to Tricor Investor and Issuing House Services Sdn. Bhd. ("Tricor") or via Tricor's TIIH Online website at <https://tiih.online> for shareholders who were unable to attend to the AGM to appoint a proxy. In addition, all the resolutions were put to vote by means of electronic poll voting and all resolutions were duly passed. Thereafter, the outcome of the meeting together with the poll results verified by the independent scrutineer was announced to Bursa Securities on the same day.

3. Communication and Engagement with Shareholders and Prospective Investors

The Board recognises the need to inform the shareholders of all significant developments concerning the Group on a timely basis and in strict adherence to the MMLR of the Bursa Securities. Shareholders and prospective investors are kept informed of the developments in the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and Circulars to shareholders.

This statement together with the Corporate Governance Report 2025 was approved by the Board on 22 April 2026.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the audited financial statements are prepared with reasonable accuracy from the accounting records of the Group to give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and of the financial performance and cash flow of the Company and the Group for the financial year then ended, and that they are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the Group for the financial year ended 31 December 2025, the Directors have taken the necessary steps and actions as follows:-

- Adopted and applied the appropriate and relevant accounting policies consistently;
- Made judgments and estimates that are prudent and reasonable;
- Complied with the applicable approved financial reporting standards, i.e. Malaysian Financial Reporting Standards, International Financial Reporting Standards, MMLR of Bursa Securities and the provisions of the Companies Act 2016; and
- Prepared the financial statements on a going concern basis.

The Board is satisfied that in preparing the financial statements of the Company and the Group for the financial year ended 31 December 2025 the Company and the Group have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements have been prepared in accordance with all relevant approved financial reporting standards and on a going concern basis.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. Composition

The Audit and Risk Management Committee (“**ARMC**”) currently consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, all of whom are financially literate and have sufficient understanding of the Group’s business. All the members of the ARMC undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. The ARMC members are:

ARMC MEMBERS	DESIGNATION
Mr Tai Keat Chai <i>Independent Non-Executive Director</i>	Chairman
Dato’ Sri Ir. Hj. Ismail Bin Md.Salleh <i>Senior Independent Non-Executive Director</i>	Member
Vanessa A/P Santhakumar <i>Non-Independent Non-Executive Director</i>	Member

Mr Tai Keat Chai is a member of the Malaysian Institute of Accountants, which is in compliance with Paragraph 15.09(1)(c) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The ARMC has in its Terms of Reference (“**TOR**”) stated that a former key audit partner must observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC. The Board of Directors (“**Board**”) of the Company via the ARMC also observed the requirement under Paragraph 15.09(2) of the MMLR of Bursa Securities to ensure that no alternate director is appointed as a member of the ARMC. Alongside, the ARMC has the procedures to assess the suitability, objectivity and independence of the external auditors which are contained in the TOR of the ARMC.

The TOR of the ARMC, covering its scope of duties and responsibilities, authority and other relevant matters, is available on the Company’s website at www.hssgroup.com.my.

2. Attendance at Meetings

During the financial year ended 31 December 2025 (“**FYE 2025**”), the ARMC had five (5) meetings and the attendance record is as follows:

ARMC MEMBERS	TOTAL NUMBER OF MEETINGS ATTENDED
Mr Tai Keat Chai	5/5
Dato’ Sri Ir. Hj. Ismail Bin Md.Salleh	5/5
Dato’ Mohd Zakhir Siddiqy Bin Sidek <i>(Resigned on 31 July 2025)</i>	3/3
Ms Vanessa A/P Santhakumar <i>(Appointed to the ARMC on 15 October 2025)</i>	1/1

3. Summary of Key Activities

The key activities undertaken by the ARMC in discharging its functions and duties during the FYE 2025 were as follows:-

(a) Financial Reporting and Annual Reporting

- Reviewed the unaudited quarterly financial results with Management to ensure that they are in compliance with the Malaysian Financial Reporting Standards and MMLR of Bursa Securities before recommendation to the Board for approval.
- Reviewed the audited financial statements for the FYE 2024 before recommendation to the Board for approval.

(b) Internal Audit

- Reviewed and approved the internal audit plan for the FYE 2025.
- Reviewed and discussed the internal audit reports containing the audit findings and recommendations made by the Internal Auditors and Management’s responses on those issues and whether or not appropriate action is taken on the recommendations.
- Reviewed and discussed the effectiveness of Risk Management and Internal Control of the Group.
- Monitored progress of actions taken by Management to address any significant issues identified by the Internal Auditors.
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal audit function.
- Met with the Internal Auditors in the absence of the Executive Board members and Management on 26 February 2025 to discuss any significant issues which may have arisen in the course of their audit of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(c) External Audit

- Evaluated the performance of the external auditors (including assessment of their independence, objectivity and their services including non-audit services), Messrs KPMG PLT, (“**External Auditors**”) and recommended their re-appointment and audit fees to the Board.
- Procured from the External Auditors the required confirmation that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.
- Reviewed and approved the External Auditors’ audit plan together with their scope of work prior to the commencement of audit.
- Reviewed the annual audited financial statements of the Group and made recommendations to the Board for approval.
- Reviewed and discussed any issues or findings raised by the External Auditors and Management’s response to the same.
- Met with the External Auditors in the absence of the Executive Board members and Management on 26 February 2025 and 26 November 2025 to facilitate free and honest exchange of views in relation to the Group’s financial reporting and auditing process.

(d) Risk Management

- Deliberated on the Enterprise Risk Management Report prepared by the Group’s external consultant, Centegy Governance Advisory Sdn. Bhd. (“**Centegy**”), who was engaged to update the risk profile of the Group’s principal business risks and the corresponding corrective and preventive action plans.

(e) Conflicts of Interest and Related Party Transactions

- Reviewed and considered any related party transactions, conflict of interest and potential conflict of interest situation(s) that may arise within the Company or the Group including any transaction, procedure or course of conduct that may raise questions of the Management’s integrity or impartiality.

(f) Others

- Reviewed the TOR of the ARMC.
- Reviewed the revised Non-Assurance Services Pre-approval Policy.
- Reviewed the audit and non-audit fees of the Group.
- Reviewed the Statement on Risk Management and Internal Control, ARMC Report and Corporate Governance Overview Statement prior to recommendation for the Board’s approval for inclusion into the Annual Report.
- Reviewed the Solvency Test of the Group and recommended to the Board a first and final single tier dividend of 1.46 sen per ordinary share for the financial year ended 31 December 2024.

4. Internal Audit Function

The Company outsourced its internal audit function for the FYE 2025 to an independent professional firm, Centegy as the Internal Auditors of the Company. The Internal Auditors report directly to the ARMC and the internal audit function is independent of the activities or operations of other operating units in order to perform audit assignments with impartiality, proficiency and due professional care. The main role of the Internal Auditors is to provide the Board, through the ARMC, reasonable assurance of the adequacy, integrity and effectiveness of the overall risk management, internal control and governance processes in the Group.

The internal audit activities were carried out based on a risk-based internal audit plan presented by the Internal Auditors to the ARMC for approval. The establishment of the internal audit plan took into consideration the Group’s risk profile and input from the Management and the ARMC members.

The internal audit findings were presented at the ARMC meetings and appropriate recommendations were made on any areas of concern arising within the Company and the Group for the ARMC’s deliberation. The following were the activities undertaken by the Internal Auditors during the financial year under review:

- Tabled the internal audit plan for the FYE 2025 for the ARMC’s review and approval; and
- Conducted internal auditing and review on the operating units in accordance with the approved internal audit plan.

The total cost of internal audit services rendered by the Internal Auditors for the FYE 2025 was RM82,296.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad, the Board of Directors (“**Board**”) of the Company is pleased to present the Statement on Risk Management and Internal Control (“**Statement**”) of the Group, which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD’S RESPONSIBILITY

The Board acknowledges and affirms its responsibility in maintaining a sound system of risk management and internal control within the Group and to continuously review and evaluate its adequacy and integrity. The risk management and internal control system is designed to identify, evaluate and manage risks that may hinder the achievement of the Group’s objectives, rather than eliminate these risks. Therefore, the system can only provide reasonable but not absolute assurance against material misstatement of financial reporting, fraud, error or loss, and this is achieved through preventive, detective and corrective measures designed in the system.

The Audit and Risk Management Committee (“**ARMC**”) has been delegated and empowered by the Board to oversee the implementation of the risk management and internal control system within the Group and to assist the Board in reviewing the adequacy and effectiveness of the system throughout the year.

RISK MANAGEMENT

The Group has an Enterprise Risk Management (“**ERM**”) Framework which encapsulates the Group’s risk governance structure, policy and procedures to systematically identify, assess, monitor and report on the risks that may affect the Group.

Accountability for risk management is aligned with Group’s management organisational structure. Departmental managers and heads act as risk owners tasked with the responsibility to identify, evaluate, monitor and report risks as well as implementing the mitigating controls/risk treatment plans to deal with the risks. Risk management information including new risks identified or changes in risk profile, mitigation plans and progress of plans are reported to the Risk Management Working Committee led by the Acting Group Chief Executive Officer on a half-yearly basis and as and when necessary. The Acting Group Chief Executive Officer will report to ARMC on an annual basis and as and when necessary, ARMC will then report and advise the Board of the same.

The Company has engaged an independent professional firm to assist the ARMC to facilitate and update the risk profile for identified principal business risks applying across the departments of the entire Group. The outcome of the update enables the Group to rank and prioritise the key business risks in relation to their risk consequence, likelihood of occurrence and control effectiveness.

INTERNAL CONTROL SYSTEM

The following are key areas of governance which define the values, ethics and conduct of the Group and policies and procedures in place to assist in ensuring that a sound system of internal control is maintained within the Group.

Organisational Structure

The business of the Group is managed by the Board which provides direction and oversight to the Group and the Management. The Board is supported by a number of Board Committees namely the ARMC and the Nomination and Remuneration Committee (“**NRC**”). Each committee has formal defined Terms of Reference and responsibilities and reports on activities of each committee are presented to the Board on a regular basis.

There is a clearly defined organisational structure aligned to the operational requirements of the business of the Group within management, which provides the levels of authority limits, accountability and responsibility of the respective job functions of management.

Audit and Risk Management Committee and Internal Audit

The Group has outsourced the internal audit function to an independent professional firm which assists the ARMC to review the key business processes, check compliance with policies / procedures set by the Board, and evaluate the adequacy and effectiveness of risk management, internal control and governance processes established by the Board, through implementation of internal audits. The ARMC oversees the function of the Internal Auditor (“**IA**”), their independence, scope of work and resources.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The annual risk-based audit plan prepared by the IA is reviewed and approved by the ARMC. Based on the audits performed, significant findings and areas of improvement are reported periodically to the ARMC and management. A follow up audit is conducted to assess the implementation of the corrective action plans to address the internal control lapses which have been identified. Further details on the activities of the ARMC and the IA during the year are set out in the ARMC Report.

Integrity Framework

The Group is committed to upholding integrity and ethical values within the Group and has put in place a framework consisting of a Code of Conduct, Anti-Bribery Policy and Whistle-Blower Policy. The Code of Conduct, Anti-Bribery Policy and Whistle-Blower Policy have been clearly disseminated to the employees and also made available on the Group's website.

The Code of Conduct prescribes the Group's values and principles and sets the Group's expectations of its employees to act with integrity, professionalism and respect in performing their duties and in dealing with key stakeholders in the Company, workplace, industry and external stakeholders.

The Anti-Bribery Policy sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the Group's businesses.

The Whistle-Blower Policy encourages and provides a channel for reporting possible improprieties without fear of reprisals and sets out the process to be undertaken upon receipt of any such reports. It also includes provisions to safeguard the confidentiality of the Whistleblower with the objective of ensuring no retaliation against the Whistleblower, if he or she has acted in good faith.

Quality, Environmental, Safety and Health ("QESH") Management and Quality Management System

The Group's subsidiaries, namely HSS Engineering Sdn. Bhd. ("HSSE") and SMHB Engineering Sdn. Bhd. ("SMHBE") have established the QESH Management Systems which have been certified with ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015 standards. In addition, the Group's other subsidiary, HSS Integrated (India) Private Limited (formerly known as HSS BIM Solutions Private Limited) has been certified on the implementation and maintenance of a Quality Management System (ISO 9001:2015). Compliance with the processes and procedures set out in the QESH Management Systems and Quality Management System helps to ensure high quality service, safe working environment and promote business activities which minimise negative impact on the environment.

As per the requirement of the ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015 certifications, scheduled audits are conducted internally as well as by a certification body. Issues arising from these audits (if any) are presented to the management for review and further action, if any.

Anti-Bribery Management System

The Company and its subsidiaries, HSSE, SMHBE and BIM Global Ventures Sdn. Bhd., have established the Anti-Bribery Management System which has been certified with ISO 37001:2016 as part of the commitment towards good corporate governance and compliance with Section 17 of the Malaysian Anti-Corruption Commission Act 2009.

Human Capital

Talent plays a critical role in enabling the Group to achieve its business objectives. Succession planning has been put in place to ensure the Group has a strong management and technical team vital to maintaining the quality of the Group's services whilst retaining the clients' confidence.

The Group has established procedures and guidelines for human capital development and training, recruitment and performance appraisal to enhance staff competency and productivity.

Credit and Liquidity Risk Management

Risks may arise from the inability to recover debts in a timely manner which may affect the Group's profitability and cash flow.

The Group minimises such risks with the following measures:

- Assessing the project profile and contract period before determining the payment schedule and payment terms for each project;
- Close monitoring of collections and overdue debts on a regular basis; and
- Adopting strict credit control policy.

Insurance

The Group has in place adequate insurance coverage to minimise the adverse impact of potential claims on its operations or financial condition.

Legal

The Legal department plays a pivotal role in ensuring the interests of the Group are preserved and safeguarded from a legal perspective in its transactions with third parties. It also plays a key role in advising the Board on legal matters of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Company Secretary

The Company Secretary provides the necessary advice and guidance on matters relating to the Company's Constitution, Board policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

Annual Budget

Comprehensive budgets are prepared on an annual basis by the operations units and presented to the Board for approval. The Group's performance is tracked and measured against the approved budget on a quarterly basis. The quarterly results are reviewed by the Board to enable the Directors to gauge the Group's overall performance as compared to the approved budget and past results.

Review of Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the financial year ended 31 December 2025, and 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 section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has received assurance from the Acting Group Chief Executive Officer that the risk management and internal control system adopted by the Group is operating adequately and effectively, in all material aspects, based on observations in the course of the management of day-to-day operations of the Group.

The Board is pleased to report for the financial year under review and up to the date of this report, that the state of the internal control system and risk management practices are able to meet the objectives of the Group and to facilitate good corporate governance. There was no material control failure or weakness that would have a material adverse impact on the results of the Group for the period under review and up to the date of this report that would require a separate disclosure in the Group's annual report or financial statements.

This statement was approved by the Board on 22 April 2026.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2025, the amount of audit and non-audit fees paid/payable by the Company and the Group to the external auditors, Messrs KPMG PLT are as follows:

Details	Company (RM)	Group (RM)
Audit services:		
- Messrs KPMG PLT	45,000	269,500
Non-audit fees:		
- Messrs KPMG PLT	7,000	7,000
Total	52,000	276,500

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts or contracts entered into by the Company and/or its subsidiaries involving Directors', Chief Executive's and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial period.

4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")

There were no RRPTs of a revenue or trading nature entered into during the financial year ended 31 December 2025 by the Group.

5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Group	
	2025 (RM)	2024 (RM)
Total Income		
Revenue	220,700,697	201,244,188
Other income	239,980	190,573
Interest/ Finance Income	412,423	355,936
Share of profit of associates	264,353	135,506
Total	221,617,453	201,926,203
Total Assets	464,902,185	418,127,713

ADDITIONAL COMPLIANCE INFORMATION

(b) Business Activities

	Group	
	2025 (RM)	2024 (RM)
Total Income		
Shariah Non-Compliant Activities	RM	RM
Shariah Non-Compliant Activities	N/A	N/A
Total Assets	N/A	N/A

(c) (i) Cash Component

	Group	
	2025 (RM)	2024 (RM)
Islamic Account/ Instruments		
Cash and bank balances (exclude cash in hand)	904,865	356,486
Deposit with licensed bank	23,375,243	12,528,670
Total	24,280,108	12,885,156

	Group	
	2025 (RM)	2024 (RM)
Conventional Account/ Instruments		
Cash and bank balances (exclude cash in hand)	1,743,235	1,955,098
Total	1,743,235	1,955,098

(c) (ii) Debt Component

	Group	
	2025 (RM)	2024 (RM)
Islamic Financing		
Current		
Bank Overdrafts	35,110,071	18,569,215
Revolving credit	29,246,185	16,462,031
Total	64,356,256	35,031,246

	Group	
	2025 (RM)	2024 (RM)
Conventional Borrowing		
Current		
Hire purchase liabilities	526,002	340,001
Term loan	46,020	-
Bank Overdrafts	1,131,963	-
Revolving credit	8,000,000	-
Non-Current		
Hire purchase liabilities	396,609	247,232
Term loan	183,580	-
Total	10,284,174	587,233



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DIRECTORS' REPORT

For the Year Ended 31 December 2025

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

There has been no significant changes in the nature of the activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year attributable to:		
Owners of the Company	13,448,944	(698,700)
Non-controlling interests	(110,070)	-
	13,338,874	(698,700)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company declared and paid a final ordinary dividend of 1.46 sen per ordinary share amounting to RM7,423,808 on 18 July 2025 in respect of the financial year ended 31 December 2024.

The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES

Directors who served during the financial year until the date of this report are:

HSS Engineers Berhad

Tan Sri Ir. Kunasingam A/L V.Sittampalam

Ir. Sharifah Azlina Bt Raja Kamal Pasmah

Datuk Ir. Teo Chok Boo

Ir. Prem Kumar A/L M Vasudevan

Dato' Sri Ir. Hj. Ismail Bin Md.Salleh

Tai Keat Chai

Vanessa A/P Santhakumar

Ir. Syed Mohamed Adnan Bin Mansor Alhabshi (Alternate Director to Datuk Ir. Teo Chok Boo)

Dato' Mohd Zakhir Siddiqy Bin Sidek (resigned on 31 July 2025)

DIRECTORS' REPORT

For the Year Ended 31 December 2025

SUBSIDIARIES

Ir. Md Jamil Bin Ishak
 Saiful Hazmi Bin Ab Hamid
 Zulkiflee Bin AB Hamid
 Ir. Sundrarajan A/L L.Krishnan
 Anandanayagam A/L Sharvanandan
 Ir. Reuben Selvarajah
 Sivasankar Arjunan
 Ir. Prakash A/L G.Selvaratnam
 Ir. Sri Kanthan A/L Veeramuthu
 Muhammad Imran Bin Roslan
 Ir. Vimalathan A/L Perumal
 Ir. Ang Eng Kiat
 Ir. Jamaludin bin Hamdan
 Ir. Liao Kok Meng
 Ir. Teo Koon Hau
 Mumtaz Binti Mohamed Aycob

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the ordinary share of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2025	Bought	Sold	At 31.12.2025
Tan Sri Ir. Kunasingam A/L V.Sittampalam				
- direct interest	-	350,000	-	350,000
- indirect interest *	108,208,632	-	-	108,208,632
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	4,150,000	-	-	4,150,000
Datuk Ir. Teo Chok Boo				
- direct interest	33,516,895	115,200	-	33,632,095
- indirect interest #	16,994,106	-	-	16,994,106
Ir. Prem Kumar A/L M Vasudevan	7,401,447	100,000	-	7,501,447
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi (Alternate Director to Datuk Ir. Teo Chok Boo)	9,273,684	-	-	9,273,684

* Indirect interest by virtue of his shareholdings in Victech Solutions Sdn. Bhd.

Indirect interest by virtue of interests held by his spouse and child.

By virtue of his substantial shareholdings in the Company, Tan Sri Ir. Kunasingam A/L V.Sittampalam is deemed to have interests in the shares of the subsidiaries of the Company.

None of the other Directors holding office at 31 December 2025 had any interest in the shares of the Company and its subsidiaries during the financial year.

DIRECTORS' REPORT

For the Year Ended 31 December 2025

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than 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.

The Directors' remuneration paid to or receivable by the Directors of the Company from the Company and its subsidiaries are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fees	351,000	396,000	351,000	396,000
Remuneration	3,535,000	3,522,000	3,210,000	3,210,000
Other short-term employee benefits	1,856,946	1,607,797	1,685,006	1,391,617
	5,742,946	5,525,797	5,246,006	4,997,617
Rental fee paid to a firm in which which certain Directors have interest	2,832,324	2,824,824	-	-
	8,575,270	8,350,621	5,246,006	4,997,617

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no other changes in the issued and paid-up capital of the Company during the financial year and there were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of sum insured and premium paid for the Directors and officers of the Company and its subsidiaries are RM30,000,000 and RM55,000 respectively. There were no indemnity given or insurance effected for any auditors of the Group and of the Company.

DIRECTORS' REPORT

For the Year Ended 31 December 2025

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those as disclosed in Note 31 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT

For the Year Ended 31 December 2025

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The amount of audit and non-audit fees paid or payable to KPMG PLT by the Group and the Company for the financial year ended 31 December 2025 are as follows:

	Group RM	Company RM
Audit fees	269,500	45,000
Non-audit fees	7,000	7,000
	276,500	52,000

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tan Sri Ir. Kunasingam A/L V.Sittampalam

Director

.....
Ir. Prem Kumar A/L M. Vasudevan

Director

Kuala Lumpur,

Date: 22 April 2026

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Assets					
Property, plant and equipment	2	3,716,200	3,957,922	-	-
Right-of-use assets	3	3,403,680	5,915,922	-	-
Intangible assets	4	163,647,709	163,706,820	-	-
Investment in subsidiaries	5	-	-	210,865,677	210,865,677
Investment in associates	6	7,655,775	1,410,046	-	-
Other investment	7	200,156	200,156	-	-
Employee benefits	8	24,905	30,840	-	-
Deferred tax assets	9	196,705	339,074	-	-
Total non-current assets		178,845,130	175,560,780	210,865,677	210,865,677
Trade and other receivables	10	64,383,935	55,071,819	1,405,546	9,615,848
Prepayments		15,097,762	11,439,375	91,365	16,786
Contract assets	11	177,008,911	161,059,513	-	-
Current tax assets		3,457,606	129,222	15,702	36,513
Cash and cash equivalents	12	26,108,841	14,867,004	147,373	125,150
Total current assets		286,057,055	242,566,933	1,659,986	9,794,297
Total assets		464,902,185	418,127,713	212,525,663	220,659,974
Equity					
Share capital		268,439,189	268,439,189	268,439,189	268,439,189
Reserves		29,329,890	23,452,492	(57,036,765)	(48,914,257)
Equity attributable to owners of the Company	13	297,769,079	291,891,681	211,402,424	219,524,932
Non-controlling interests		(248,547)	(183,477)	-	-
Total equity		297,520,532	291,708,204	211,402,424	219,524,932
Liabilities					
Loans and borrowings	14	580,189	247,232	-	-
Lease liabilities		460,245	3,237,412	-	-
Deferred tax liabilities	9	8,379,091	-	-	-
Total non-current liabilities		9,419,525	3,484,644	-	-
Loans and borrowings	14	74,060,241	35,371,247	-	-
Lease liabilities		3,134,220	2,874,749	-	-
Trade and other payables	15	57,926,758	68,957,556	1,050,822	1,062,625
Contract liabilities	11	18,917,002	11,975,767	-	-
Current tax liabilities		-	3,277,495	-	-
Provisions	16	3,923,907	478,051	72,417	72,417
Total current liabilities		157,962,128	122,934,865	1,123,239	1,135,042
Total liabilities		167,381,653	126,419,509	1,123,239	1,135,042
Total equity and liabilities		464,902,185	418,127,713	212,525,663	220,659,974

The notes on pages 116 to 157 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	17	220,700,697	201,244,188	7,832,300	16,238,600
Cost of sales		(145,166,514)	(130,873,428)	-	-
Gross profit		75,534,183	70,370,760	7,832,300	16,238,600
Other income		239,980	190,573	-	64
Administrative expenses		(29,052,084)	(27,512,106)	(8,168,615)	(8,270,315)
Other operating expenses		(10,997,468)	(6,000,843)	(287,868)	(377,021)
Net loss on impairment of financial instruments and contract assets	21	(12,299,111)	(523,522)	-	-
Results from operating activities		23,425,500	36,524,862	(624,183)	7,591,328
Finance income	18	412,423	355,936	23,388	101,913
Finance costs	19	(4,309,233)	(3,121,665)	(97,905)	(231,937)
Share of profit of equity- accounted associates, net of tax		264,353	135,506	-	-
Profit/(Loss) before tax		19,793,043	33,894,639	(698,700)	7,461,304
Tax expense	20	(6,454,169)	(8,982,456)	-	-
Profit/(Loss) for the year	21	13,338,874	24,912,183	(698,700)	7,461,304
Other comprehensive loss, net of tax					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operation		(140,916)	(60,555)	-	-
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		(9,116)	31,855	-	-
Tax effect on remeasurement of defined benefit liability		2,294	(8,017)	-	-
Total other comprehensive loss for the year, net of tax		(147,738)	(36,717)	-	-
Total comprehensive income/(loss) for the year		13,191,136	24,875,466	(698,700)	7,461,304
Profit/(Loss) attributable to:					
Owners of the Company		13,448,944	25,088,932	(698,700)	7,461,304
Non-controlling interests		(110,070)	(176,749)	-	-
Profit/(Loss) for the year		13,338,874	24,912,183	(698,700)	7,461,304
Total comprehensive income/(loss) attributable to:					
Owners of the Company		13,301,206	25,052,215	(698,700)	7,461,304
Non-controlling interests		(110,070)	(176,749)	-	-
Total comprehensive income/(loss) for the year		13,191,136	24,875,466	(698,700)	7,461,304
Basic earnings per share (sen)	23	2.64	4.95		

The notes on pages 116 to 157 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2025

Group	← Attributable to owners of the Company →			Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Translation reserve RM	Retained earnings RM			
At 1 January 2024	254,564,189	207,276	4,345,608	259,117,073	(6,728)	259,110,345
Other comprehensive income:						
- Remeasurement of defined benefit liability	-	-	23,838	23,838	-	23,838
- Foreign currency translation differences for foreign operation	-	(60,555)	-	(60,555)	-	(60,555)
Total other comprehensive loss for the year	-	(60,555)	23,838	(36,717)	-	(36,717)
Profit for the year	-	-	25,088,932	25,088,932	(176,749)	24,912,183
Total comprehensive income for the year	-	(60,555)	25,112,770	25,052,215	(176,749)	24,875,466
<i>Contributions by and distributions to owners of the Company</i>						
Issue of shares	13,875,000	-	-	13,875,000	-	13,875,000
Dividends to owners of the Company	-	-	(6,152,607)	(6,152,607)	-	(6,152,607)
Total transactions with owners of the Company	13,875,000	-	(6,152,607)	7,722,393	-	7,722,393
At 31 December 2024	268,439,189	146,721	23,305,771	291,891,681	(183,477)	291,708,204

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2025

Group	← Attributable to owners of the Company →			Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Translation reserve RM	Retained earnings RM			
At 1 January 2025	268,439,189	146,721	23,305,771	291,891,681	(183,477)	291,708,204
Other comprehensive income:						
- Remeasurement of defined benefit liability	-	-	(6,822)	(6,822)	-	(6,822)
- Foreign currency translation differences for foreign operation	-	(140,916)	-	(140,916)	-	(140,916)
Total other comprehensive loss for the year	-	(140,916)	(6,822)	(147,738)	-	(147,738)
Profit for the year	-	-	13,448,944	13,448,944	(110,070)	13,338,874
Total comprehensive income for the year	-	(140,916)	13,442,122	13,301,206	(110,070)	13,191,136
<i>Contributions by and distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	(7,423,808)	(7,423,808)	-	(7,423,808)
Total transactions with owners of the Company	-	-	(7,423,808)	(7,423,808)	-	(7,423,808)
Subscription of shares in subsidiary by non-controlling interest	-	-	-	-	45,000	45,000
At 31 December 2025	268,439,189	5,805	29,324,085	297,769,079	(248,547)	297,520,532
	Note 13	Note 13				

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2025

Company	← Attributable to owners of the Company →		Total equity RM
	Share capital RM	Accumulated losses RM	
At 1 January 2024	254,564,189	(50,222,954)	204,341,235
Total comprehensive income for the year	-	7,461,304	7,461,304
Issue of shares	13,875,000	-	13,875,000
Dividend to owners of the Company	-	(6,152,607)	(6,152,607)
Total transactions with owners of the Company	13,875,000	(6,152,607)	7,722,393
At 31 December 2024/1 January 2025	268,439,189	(48,914,257)	219,524,932
Total comprehensive loss for the year	-	(698,700)	(698,700)
Dividend to owners of the Company	-	(7,423,808)	(7,423,808)
Total transaction with owners of the Company	-	(7,423,808)	(7,423,808)
At 31 December 2025	268,439,189	(57,036,765)	211,402,424

Note 13

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities					
Profit/(loss) before tax		19,793,043	33,894,639	(698,700)	7,461,304
<i>Adjustments for:</i>					
Net loss on impairment of financial instruments and contract assets		12,299,111	523,522	-	-
Depreciation of property, plant and equipment	2	1,060,476	952,848	-	-
Depreciation of right-of-use assets	3	2,944,667	2,937,147	-	-
Amortisation of intangible assets	4	278,851	205,572	-	-
Finance income	18	(412,423)	(355,936)	(23,388)	(101,913)
Finance costs	19	4,309,233	3,121,665	97,905	231,937
Dividend income		-	-	(3,000,000)	(11,250,000)
Net fair value loss on derivative		-	163,633	-	163,633
Gain on disposal of property, plant and equipment	2	-	(18,798)	-	-
Write off of property, plant and equipment	2	71	16,109	-	-
Gain on derecognition of right-of-use assets		-	(8,329)	-	-
Share of profit of equity-accounted associates, net of tax	6	(264,353)	(135,506)	-	-
Operating profit/(loss) before changes in working capital					
		40,008,676	41,296,566	(3,624,183)	(3,495,039)
Change in employee benefits		(3,181)	(7,197)	-	-
Change in trade and other receivables and prepayments		(13,901,896)	(11,067,498)	8,135,723	(193,394)
Change in trade and other payables and provisions		(7,584,942)	9,495,454	(11,803)	(7,855)
Change in contract assets		(26,719,275)	(39,069,392)	-	-
Change in contract liabilities		6,941,235	3,555,430	-	-
Cash (used in)/generated from operations					
		(1,259,383)	4,203,363	4,499,737	(3,696,288)
Interest paid		(1,248,751)	(937,222)	(97,905)	(32,344)
Interest received		412,423	355,936	23,388	101,913
Net tax (paid)/refunded		(4,559,641)	(7,211,599)	20,811	(10,660)
Net cash (used in)/from operating activities					
		(6,655,352)	(3,589,522)	4,446,031	(3,637,379)

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(660,626)	(1,025,163)	-	-
Acquisition of intangible assets	(i)	(211,782)	(73,209)	-	-
Acquisition of other investments		-	(200,156)	-	-
Investment in associate		(5,981,376)	(20,255)	-	-
Proceeds from disposal of property, plant and equipment		-	18,800	-	-
Dividend received from subsidiaries		-	-	3,000,000	2,000,000
Dividend received from associate		-	1,350,000	-	-
Net cash (used in)/from investing activities		(6,853,784)	50,017	3,000,000	2,000,000
Cash flows from financing activities					
Subscription of shares in subsidiary by non-controlling interests		45,000	-	-	-
Proceeds from issue of shares		-	13,875,000	-	13,875,000
Dividend paid		(7,423,808)	(6,152,607)	(7,423,808)	(6,152,607)
Net payment of hire purchase liabilities		(444,181)	(527,388)	-	-
Net proceeds/(payment) from term loans		229,600	(13,482,171)	-	(13,482,171)
Net proceeds from revolving credit		20,784,154	9,312,781	-	-
Payment of lease liabilities		(2,953,113)	(2,791,743)	-	-
(Placement)/withdrawal of deposit pledged with licensed bank		(10,846,573)	(728,650)	-	1,410,914
Interest paid		(3,060,482)	(2,184,443)	-	(199,593)
Net cash used in financing activities		(3,669,403)	(2,679,221)	(7,423,808)	(4,548,457)
Net (decrease)/increase in cash and cash equivalents		(17,178,539)	(6,218,726)	22,223	(6,185,836)
Effect of foreign currency translation differences		(99,016)	(84,446)	-	-
Cash and cash equivalents at 1 January		(16,230,881)	(9,927,709)	125,150	6,310,986
Cash and cash equivalents at 31 December	12	(33,508,436)	(16,230,881)	147,373	125,150

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM834,386 (2024: RM1,431,143) of which RM173,760 (2024: RM405,980) was acquired by mean of hire purchase. The Group also acquired intangible asset with an aggregate cost of RM219,740 (2024: RM73,209) of which RM7,958 (2024: Nil) was acquired by mean of hire purchase.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2025

(ii) Cash outflows for leases as a lessee

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Included in net cash from operating activities:					
Payment relating to short-term and/or low-value assets	21	229,712	237,006	-	-
Interest paid in relation to lease liabilities	19	259,134	374,799	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		2,953,113	2,791,743	-	-
Total cash outflows for leases		3,441,959	3,403,548	-	-

(iii) Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	Term loans RM	Hire purchase liabilities RM	Revolving credit RM	Lease liabilities RM	Total RM
At 1 January 2024	13,482,171	708,641	7,149,250	6,435,140	27,775,202
Acquisition	-	405,980	-	2,544,153	2,950,133
Derecognition	-	-	-	(40,555)	(40,555)
Net changes in financing cash flows	(13,482,171)	(527,388)	9,312,781	(2,791,743)	(7,488,521)
Effect movement in exchange rate	-	-	-	(34,834)	(34,834)
At 31 December 2024/ 1 January 2025	-	587,233	16,462,031	6,112,161	23,161,425
Acquisition	-	779,559	-	429,680	1,209,239
Net changes in financing cash flows	229,600	(444,181)	20,784,154	(2,953,113)	17,616,460
Effect movement in exchange rate	-	-	-	5,737	5,737
At 31 December 2025	229,600	922,611	37,246,185	3,594,465	41,992,861
Company					
At 1 January 2024	13,482,171	-	-	-	13,482,171
Net changes in financing cash flows	(13,482,171)	-	-	-	(13,482,171)
At 31 December 2024/1 January 2025/31 December 2025	-	-	-	-	-

The notes on pages 116 to 157 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HSS Engineers Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company are as follows:

Principal place of business

B1 (1-4) Block B, Plaza Dwtiasik
No. 21, Jalan 5/106
Bandar Sri Permaisuri
56000 Kuala Lumpur

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint operation.

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

These financial statements were authorised for issue by the Board of Directors on 22 April 2026.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)**(a) Statement of compliance (continued)*****MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following item, which are measured based on the measurement bases stated below:

Items	Measurement bases
Net defined benefit asset/(liability)	Fair value of plan assets less the present value of the defined benefit obligation
Equity securities at FVOCI	Fair value

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – incremental borrowing rate in relation to leases
- Note 4 – measurement of the recoverable amount of cash-generating unit
- Note 5 – measurement of the recoverable amount of investment in subsidiaries
- Note 17 – revenue recognition
- Note 26 – measurement of expected credit loss (“ECL”)

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and fittings RM	Motor vehicles RM	Computer RM	Office equipment RM	Renovation RM	Total RM
Cost						
At 1 January 2024	937,664	1,318,373	5,881,153	1,460,734	6,140,525	15,738,449
Additions	69,577	98,902	1,124,543	134,921	3,200	1,431,143
Disposal	-	(80,188)	-	-	-	(80,188)
Write off	(29,065)	-	-	-	-	(29,065)
Effect of movement in exchange rate	(5,834)	-	(20,254)	(2,828)	(62)	(28,978)
At 31 December 2024/ 1 January 2025	972,342	1,337,087	6,985,442	1,592,827	6,143,663	17,031,361
Additions	31,488	-	455,551	329,375	17,972	834,386
Write off	-	(3,200)	(6,714)	(188)	-	(10,102)
Effect of movement in exchange rate	(13,754)	-	(53,877)	(6,908)	(149)	(74,688)
At 31 December 2025	990,076	1,333,887	7,380,402	1,915,106	6,161,486	17,780,957
Accumulated depreciation						
At 1 January 2024	584,898	1,191,557	4,667,689	1,280,821	4,512,594	12,237,559
Depreciation for the year	54,372	61,077	451,726	57,591	328,082	952,848
Disposal	-	(80,186)	-	-	-	(80,186)
Write off	(12,956)	-	-	-	-	(12,956)
Effect of movement in exchange rate	(5,196)	-	(15,976)	(2,592)	(62)	(23,826)
At 31 December 2024/ 1 January 2025	621,118	1,172,448	5,103,439	1,335,820	4,840,614	13,073,439
Depreciation for the year	47,988	71,572	591,581	88,333	261,002	1,060,476
Write off	-	(3,199)	(6,691)	(141)	-	(10,031)
Effect of movement in exchange rate	(12,532)	-	(40,151)	(6,295)	(149)	(59,127)
At 31 December 2025	656,574	1,240,821	5,648,178	1,417,717	5,101,467	14,064,757

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Furniture and fittings RM	Motor vehicles RM	Computer RM	Office equipment RM	Renovation RM	Total RM
Carrying amounts						
At 1 January 2024	352,766	126,816	1,213,464	179,913	1,627,931	3,500,890
At 31 December 2024/ 1 January 2025	351,224	164,639	1,882,003	257,007	1,303,049	3,957,922
At 31 December 2025	333,502	93,066	1,732,224	497,389	1,060,019	3,716,200
Carrying amounts of property, plant and equipment held under hire purchase arrangements						
At 1 January 2024	26,423	-	616,000	-	466,960	1,109,383
At 31 December 2024/ 1 January 2025	-	-	673,248	-	-	673,248
At 31 December 2025	-	-	723,321	-	-	723,321

2.1 Material accounting policy information**(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Furniture and fittings 10 years
- Motor vehicles 5 years
- Computer 3 – 7 years
- Office equipment 5 – 7 years
- Renovation 10 years

NOTES TO THE FINANCIAL STATEMENTS

3. RIGHT-OF-USE ASSETS

Group	Office premises RM	Office equipment RM	Total RM
Cost			
At 1 January 2024	10,438,936	1,166,517	11,605,453
Additions	2,225,674	318,479	2,544,153
Derecognition*	-	(32,226)	(32,226)
Effect of movement in exchange rate	(16,832)	-	(16,832)
At 31 December 2024/1 January 2025	12,647,778	1,452,770	14,100,548
Additions	419,210	10,470	429,680
Effect of movement in exchange rate	(90,221)	-	(90,221)
At 31 December 2025	12,976,767	1,463,240	14,440,007
Accumulated depreciation			
At 1 January 2024	4,424,913	836,060	5,260,973
Depreciation for the year	2,771,882	165,265	2,937,147
Effect of movement in exchange rate	(13,494)	-	(13,494)
At 31 December 2024/1 January 2025	7,183,301	1,001,325	8,184,626
Depreciation for the year	2,796,309	148,358	2,944,667
Effect of movement in exchange rate	(92,966)	-	(92,966)
At 31 December 2025	9,886,644	1,149,683	11,036,327
Carrying amounts			
At 1 January 2024	6,014,023	330,457	6,344,480
At 31 December 2024/1 January 2025	5,464,477	451,445	5,915,922
At 31 December 2025	3,090,123	313,557	3,403,680

* Derecognition of the right-of-use assets was a result of early termination of certain lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

3. RIGHT-OF-USE ASSETS (CONTINUED)

The Group leases office premises and office equipment that run between 1 year to 5 years, with no option to renew the lease after that date.

3.1 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.2 Material accounting policy information**(a) Recognition and measurement**

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

(b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(c) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

Group	Note	Goodwill RM	Customer contracts RM	Proprietary asset RM	Computer software RM	Total RM
Cost						
At 1 January 2024		282,091,512	16,706,000	680,000	3,561,242	303,038,754
Additions		-	-	-	73,209	73,209
Effect of movements in exchange rate		-	-	-	(24,363)	(24,363)
At 31 December 2024/ 1 January 2025		282,091,512	16,706,000	680,000	3,610,088	303,087,600
Additions		-	-	-	219,740	219,740
Effect of movements in exchange rate		-	-	-	(58,315)	(58,315)
At 31 December 2025		282,091,512	16,706,000	680,000	3,771,513	303,249,025
Amortisation and impairment loss						
At 1 January 2024						
Accumulated amortisation		-	16,706,000	-	3,078,763	19,784,763
Accumulated impairment loss		119,414,808	-	-	-	119,414,808
		119,414,808	16,706,000	-	3,078,763	139,199,571
Amortisation for the year	4.2	-	-	68,000	137,572	205,572
Effect of movements in exchange rate		-	-	-	(24,363)	(24,363)
At 31 December 2024						
Accumulated amortisation		-	16,706,000	68,000	3,191,972	19,965,972
Accumulated impairment loss		119,414,808	-	-	-	119,414,808
		119,414,808	16,706,000	68,000	3,191,972	139,380,780
At 1 January 2025						
Accumulated amortisation		-	16,706,000	68,000	3,191,972	19,965,972
Accumulated impairment loss		119,414,808	-	-	-	119,414,808
		119,414,808	16,706,000	68,000	3,191,972	139,380,780
Amortisation for the year	4.2	-	-	153,000	125,851	278,851
Effect of movements in exchange rate		-	-	-	(58,315)	(58,315)
At 31 December 2025						
Accumulated amortisation		-	16,706,000	221,000	3,259,508	20,186,508
Accumulated impairment loss		119,414,808	-	-	-	119,414,808
		119,414,808	16,706,000	221,000	3,259,508	139,601,316
Carrying amounts						
At 1 January 2024		162,676,704	-	680,000	482,479	163,839,183
At 31 December 2024/ 1 January 2025		162,676,704	-	612,000	418,116	163,706,820
At 31 December 2025		162,676,704	-	459,000	512,005	163,647,709

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)

- 4.1** Customer contracts refer to material unfulfilled contracts identified separately from goodwill and recognised by the Group arising from the business combination.
- 4.2** The customer contracts, computer software and proprietary asset are amortised over their useful lives and are recognised in other operating expenses.
- 4.3** Impairment testing for cash-generating unit (“CGU”) containing goodwill

For the purpose of impairment testing, goodwill is allocated to CGU within the Group which will benefit from the synergies arising from the acquisition of SMHB Engineering Sdn. Bhd. The recoverable amount of the goodwill was based on its value in use, determined by discounting future cash flows to be generated by the CGU.

In 2018, the Group recognised an impairment loss on goodwill amounting to RM119,414,808 based on the impairment assessment as the carrying amount of the CGU exceeded its estimated recoverable amount. No further impairment loss is required based on current year’s impairment assessment as the estimated recoverable amount of the CGU exceeds its carrying amount.

Value in use was determined based on the cash flow projections approved by the Directors covering a five-year period. Cash flows beyond five-year period were extrapolated using the terminal growth rate of 3% (2024: 3%). Key assumptions used in the value in use include revenue growth rate of 10% (2024: 10%) and pre-tax discount rate of 16% (2024: 16%).

The values assigned to the key assumptions represent management’s assessment of future trends and are based on both external sources and internal sources (historical data).

The Directors have considered and assessed reasonably possible changes in the key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount and concluded that any reasonably possible change in the key assumptions would not result in impairment loss as the above estimates are not particularly sensitive to any area.

- 4.4** At 31 December 2025, the net carrying amount of intangible assets under hire purchase arrangements was RM26,540 (2024: RM106,098).

4.5 Material accounting policy information

(a) Recognition and measurement

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

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|---------------------|--------------------------|
| • Computer software | 3 – 7 years |
| • Customer contract | 0.75 – 4.75 years |
| • Proprietary asset | 5 years (2024: 10 years) |

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)

4.5 Material accounting policy information (continued)

(c) Change in estimates

During the financial year ended 31 December 2025, the Group reassessed the useful lives of its proprietary assets in which reflects a shorter expected economic life due to rapid technological developments, from ten to five years. The effect of these changes on amortisation expenses, in current and future periods is as follow:

	2025 RM	2026 RM	2027 RM	Later RM
Increase/(Decrease) in amortisation expenses	85,000	85,000	85,000	(255,000)

5. INVESTMENT IN SUBSIDIARIES

	Note	Company 2025 RM	2024 RM
Unquoted shares - at cost		321,596,735	321,596,735
Less: Impairment loss	5.1	(110,731,058)	(110,731,058)
		210,865,677	210,865,677

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2025 %	2024 %
Subsidiaries of the Company				
HSS Engineering Sdn. Bhd.	Malaysia	Provision of engineering and project management services	100	100
BIM Global Ventures Sdn. Bhd.	Malaysia	Provision of Building Information Modelling ("BIM") services	100	100
HSS Integrated (India) Private Limited (<i>f.k.a. HSS BIM Solutions Private Limited</i>)*	India	Provision of BIM services	100	100
SMHB Engineering Sdn. Bhd.	Malaysia	Provision of engineering and project management services	100	100
HEB Energy Sdn. Bhd.	Malaysia	Provision of energy development projects	100	100
HSS International Sdn. Bhd. *	Malaysia	Investment holding and provision of engineering or project management consultancy services	100	100
HSS Technologies Sdn. Bhd. *	Malaysia	Investment holding in technology and drone-related assets	100	100
HSS London Private Company Limited *	United Kingdom	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2025 %	2024 %
Subsidiary of the HSS Engineering Sdn. Bhd.				
HSS Engineering (Cambodia) Co., Ltd. *	Cambodia	Provision of engineering and project management services	100	100
Subsidiary of the HSS Technologies Sdn. Bhd.				
HSS Propick Technologies Sdn. Bhd. ^	Malaysia	Provision of drone driven solutions and IT consulting across agriculture and engineering industries	70	70
HSS Digital Sdn. Bhd. ⁽¹⁾	Malaysia	Provision of IT consulting	100	-

* Not audited by KPMG PLT.

^ The non-controlling interests in this subsidiary are not material to the Group and hence no further disclosures on its financial information.

⁽¹⁾ Newly incorporated subsidiary.

5.1 In 2018, due to the impairment of goodwill allocated to the CGU which included SMHB Engineering Sdn. Bhd. ("SMHBE"), the Group performed impairment assessment on investment in SMHBE based on key assumptions and estimates as disclosed in Note 4.3 to the financial statements. As a result, an impairment loss of RM110,731,058 was recognised. No further impairment is required based on current year's impairment assessment.

5.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

6. INVESTMENT IN ASSOCIATES

	Group	
	2025 RM	2024 RM
Investment in share	6,928,139	946,763
Share of post-acquisition reserve	727,636	463,283
	7,655,775	1,410,046

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2025 %	2024 %
HSS Integrated Sdn. Bhd. ("HSSI")	Malaysia	Provision of engineering consultancy services by the Group.	30	30
HSS Mekanikal & Elektrikal Sdn. Bhd. ("HSSME")	Malaysia	Provision of engineering consultancy services by the Group.	30	30
SMHB Sdn. Bhd. ("SMHB")	Malaysia	Provision of engineering consultancy services by the Group.	30	30
HSS Joint Venture Sdn. Bhd. ("HSSJV")	Malaysia	Provision of engineering consultancy services by the Group.	37	37
HSS Alliance Sarawak Sdn. Bhd. ("HSSAS") ^	Malaysia	Provision of project management and other related technical consultancy services by the Group.	40	40
Opus HSS Sdn. Bhd. ("OHSS") ^	Malaysia	Provision of project management and other related technical consultancy services.	40	40
Venus - HSS (UK) Joint Venture Ltd. ("VHJV") ^	United Kingdom	Provision of engineering professional services & project management services to construction projects in Europe.	40	40
SM01 Sdn. Bhd. ("SM01") *	Malaysia	Construction of power plants, operation of generation facilities that produce electric energy.	18	18
Unique HEB Energy Sdn. Bhd. ("UHEBE") ^1	Malaysia	Operation of generation facilities that produce electric energy.	40	-

¹ Newly acquired associate.

^ The associate is not material to the Group and hence no further disclosures on its financial information.

During the financial year:

- i) The Group, via its wholly-owned subsidiary, HSS Engineering Sdn. Bhd. ("HSSE") increased its investment in SM01 Sdn. Bhd. through the subscription of an additional 5,981,336 shares for a total consideration of RM5,981,336. Notwithstanding this additional subscription, the Group's equity interest in SM01 Sdn. Bhd. remained unchanged at 18% (2024: 18%).
- ii) The Group, via its wholly-owned subsidiary, HEB Energy Sdn. Bhd. ("HEBE") acquired an equity interest of 40 ordinary shares in Unique HEB Energy Sdn. Bhd. for a total consideration of RM40. Unique HEB Energy Sdn. Bhd. is principally engaged in the operation of generation facilities that produce electric energy.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

2025	HSSI RM	HSSME RM	SMHB RM	HSSJV RM	SMO1 RM	Other immateral associates RM	Total RM
Summarised financial information							
As at 31 December							
Total assets	111,860,888	465,929	59,116,441	60,583,922	46,605,902	242,774	278,875,856
Total liabilities	(107,163,917)	(1,397,231)	(57,554,027)	(65,409,527)	(14,618,774)	(1,671,319)	(247,814,795)
Net assets/(liabilities)	4,696,971	(931,302)	1,562,414	(4,825,605)	31,987,128	(1,428,545)	31,061,061
Year ended 31 December							
Total comprehensive income/(loss)	149,493	(117,621)	1,477,250	(752,843)	(1,242,611)	(829,130)	(1,315,462)
Included in the total comprehensive income:							
Revenue	131,692,891	235,996	51,350,145	9,743,786	-	-	193,022,818
Reconciliation of net assets to carrying amount as at 31 December							
Group's share of net assets	1,409,091	-	468,724	-	5,757,683	20,277	7,655,775
Group's share of results for the year ended 31 December							
Group's share of total comprehensive income	44,848	-	443,175	-	(223,670)	-	264,353

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN ASSOCIATES (CONTINUED)

2024	HSSI RM	HSSME RM	SMHB RM	HSSJV RM	Other immateral associates RM	Total RM
Summarised financial information						
As at 31 December						
Total assets	134,061,700	609,362	32,120,683	57,198,283	252,859	224,242,887
Total liabilities	(129,514,222)	(1,423,043)	(32,035,519)	(61,253,113)	(855,612)	(225,081,509)
Net assets/(liabilities)	4,547,478	(813,681)	85,164	(4,054,830)	(602,753)	(838,622)
Year ended 31 December						
Total comprehensive income/(loss)	415,904	(143,531)	35,784	(950,114)	(480,336)	(1,122,293)
Included in the total comprehensive income:						
Revenue	116,607,880	306,472	38,036,768	14,641,052	-	169,592,172
Reconciliation of net assets to carrying amount						
as at 31 December						
Group's share of net assets	1,364,243	-*	25,548	-*	20,255	1,410,046
Group's share of results for the year ended						
31 December						
Group's share of total comprehensive income	124,771	-*	10,735	-*	-*	135,506
Other information						
Dividend received by the Group	-	-	1,350,000	-	-	1,350,000

* The Group's share of losses for the year has been restricted to its interest in the following associates:

	Unrecognised losses RM	Cumulative 2025 RM	2024 RM
HSS Mekanikal & Elektrikal Sdn. Bhd.	35,286	279,390	244,104
HSS Joint Venture Sdn. Bhd.	278,552	1,778,866	1,500,314
HSS Alliance Sarawak Sdn. Bhd.	329,924	590,423	260,499

6.1 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INVESTMENT

	Note	2025 RM	2024 RM
Non-current			
Fair value through other comprehensive income	7.1	200,156	200,156

7.1 Equity investment designated at fair value through other comprehensive income

In the previous financial year, the Group, via its wholly-owned subsidiary, HSS International Sdn. Bhd. entered into a Share Sale Agreement to acquire 12% equity interest in PT Oriental Consultants Indonesia for a total cash consideration of USD41,760.

The Group designated the investment in PT Oriental Consultants Indonesia equity securities as fair value through other comprehensive income because these investments in equity securities represent investments that the Group intends to hold for long-term strategic purposes.

8. EMPLOYEE BENEFITS

	Group	
	2025 RM	2024 RM
Net defined benefit asset	24,905	30,840

The Group's provision for employees' retirement benefit obligations is attributable to a foreign subsidiary, HSS Integrated (India) Private Limited (formerly known as HSS BIM Solutions Private Limited) (incorporated in India) which operates an unfunded retirement gratuity plan for its eligible employees. The amount of provision is determined by an independent actuarial valuation performed annually.

NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE BENEFITS (CONTINUED)

Movement in defined benefit asset/(liability)

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit asset/(liability) and its components:

Group	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
Balance at 1 January	(88,609)	(117,159)	119,449	108,947	30,840	(8,212)
Included in profit or loss						
Current service cost	(11,500)	(12,210)	-	-	(11,500)	(12,210)
Interest (cost)/income	(5,718)	(8,474)	8,353	8,630	2,635	156
	(17,218)	(20,684)	8,353	8,630	(8,865)	(12,054)
Included in other comprehensive income						
Remeasurement gain/(loss)						
- Actuarial (loss)/gain	(9,116)	31,855	-	-	(9,116)	31,855
- Return on plan assets excluding interest income	2,751	1,497	(2,751)	(1,497)	-	-
Effect of movements in exchange rate	13,454	5,428	(17,482)	(6,967)	(4,028)	(1,539)
	7,089	38,780	(20,233)	(8,464)	(13,144)	30,316
Other						
Contributions paid by the employer	-	-	16,074	20,790	16,074	20,790
Benefits paid	5,955	10,454	(5,955)	(10,454)	-	-
	5,955	10,454	10,119	10,336	16,704	20,790
Balance at 31 December	(92,783)	(88,609)	117,688	119,449	24,905	30,840

Defined benefit obligation

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2025	2024
Discount rate	7.36%	7.11%
Future salary growth	5.00%	5.00%
Withdrawal rate	5.00%	5.00%

NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE BENEFITS (CONTINUED)**Defined benefit obligation (continued)***Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation increase/(decrease)	
	2025	2024
	RM	RM
Discount rate (1% increase)	(7,802)	(7,820)
Future salary growth	9,212	9,272

9. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised Deferred Tax Assets/(Liabilities)****Deferred tax assets and liabilities are attributable to the following**

A decrease of 1% on the average discount rate and future salary increase rate will give the opposite result from the above analysis.

Group	Assets		Liabilities		Net	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
Property, plant and equipment	4,401	12,748	(183,602)	(281,772)	(179,201)	(269,024)
Right-of-use assets	-	-	(748,875)	(1,398,341)	(748,875)	(1,398,341)
Intangible assets	-	-	(113,708)	(70,410)	(113,708)	(70,410)
Foreign source income*	-	-	(9,406,867)	-	(9,406,867)	-
Provisions	1,377,127	497,829	-	-	1,377,127	497,829
Lease liabilities	794,571	1,445,045	-	-	794,571	1,445,045
Other deductible temporary differences	94,567	133,975	-	-	94,567	133,975
Tax assets/(liabilities)	2,270,666	2,089,597	(10,453,052)	(1,750,523)	(8,182,386)	339,074
Set off of tax	(2,073,961)	(1,750,523)	2,073,961	1,750,523	-	-
Net tax assets	196,705	339,074	(8,379,091)	-	(8,182,386)	339,074

* This relate to taxable temporary differences arising from foreign source income, which is subject to Malaysian income tax upon remittance into Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Unabsorbed business losses	2,604,102	1,716,268	-	-
Other deductible/(taxable) temporary differences	46,832	(18,573)	-	-
	2,650,934	1,697,695	-	-

With effective from year of assessment (“YA”) 2019, any unabsorbed business losses can only be carried forward for a maximum period of ten consecutive YAs. The unabsorbed business losses for YA 2018 and prior YAs can be carried forward until 2028. The other deductible temporary differences do not expire under current tax legislation. Deferred tax asset have not been fully recognised in respect of the above items because it is not probable that future taxable profits will be available against which the subsidiary can utilise the benefit therefrom.

YA in which tax losses arose	Unabsorbed business losses RM	Year in which tax losses will expire
2018 and before	1,223,278	2028
2019	117,516	2029
2020	10,003	2030
2021	221,789	2031
2022	132,843	2032
2024	647,412	2034
2025	251,261	2035
	2,604,102	

Movement of temporary differences during the year

	Group	
	2025 RM	2024 RM
At 1 January	339,074	489,566
Recognised in profit or loss	(8,500,407)	(140,022)
Recognised in equity	2,294	(8,017)
Effect of movement in exchange rate	(23,347)	(2,453)
At 31 December	(8,182,386)	339,074

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Current					
Trade					
Trade receivables	10.1	58,772,114	48,285,945	106,000	8,000
Amounts due from subsidiaries	10.2	-	-	718,100	9,273,600
		58,772,114	48,285,945	824,100	9,281,600
Non-trade					
Other receivables		3,920,541	5,102,570	24,225	16,478
Deposits		1,691,280	1,683,304	2,000	2,000
Amounts due from subsidiaries	10.3	-	-	555,221	315,770
		5,611,821	6,785,874	581,446	334,248
		64,383,935	55,071,819	1,405,546	9,615,848

10.1 Included in trade receivables of the Group are

- (i) amounts due from associates amounting to RM55,477,231 (2024: RM46,744,770). The credit term range from 30 to 90 days (2024: 30 to 90 days).
- (ii) retention sums amounting to RM744,094 in the previous financial year were expected to be received in accordance with terms of respective contracts.

10.2 The trade amounts due from subsidiaries are subject to normal trade terms.

10.3 The non-trade amounts due from subsidiaries are unsecured, subject to interest of 4.60% (2024: 5.13%) per annum and repayable on demand.

11. CONTRACT WITH CUSTOMERS

Contract assets/(liabilities)

	Group	
	2025 RM	2024 RM
Contract assets	177,008,911	161,059,513
Contract liabilities	(18,917,002)	(11,975,767)

Contract assets primarily relate to the Group's rights to consideration for work completed on service contracts but not yet billed at the reporting date. Typically, the amount will be billed according to project milestone and payment is expected within 30 to 90 days.

Contract liabilities primarily relate to the advance billings issued to customers for service contract, which revenue is recognised over time. The contract liabilities are expected to be recognised as revenue based on the stage of completion of work performed.

NOTES TO THE FINANCIAL STATEMENTS

12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances		2,733,598	2,338,334	147,373	125,150
Short-term deposits		23,375,243	12,528,670	-	-
Cash and cash equivalents in the statements of financial position		26,108,841	14,867,004	147,373	125,150
Pledged deposits		(23,375,243)	(12,528,670)	-	-
Bank overdraft	14	(36,242,034)	(18,569,215)	-	-
Cash and cash equivalents in the statements of cash flows		(33,508,436)	(16,230,881)	147,373	125,150

Short-term deposits amounting to RM23,375,243 (2024: RM12,528,670) of the Group have been pledged to licensed banks as security for credit facilities granted to Company and its subsidiaries as disclosed in Note 14 to the financial statements.

13. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Number of shares 2025	Amount 2025 RM	Number of shares 2024	Amount 2024 RM
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	508,480,118	268,439,189	495,980,118	254,564,189
Issuance under private placement	-	-	12,500,000	13,875,000
At 31 December	508,480,118	268,439,189	508,480,118	268,439,189

Ordinary shares

In the previous financial year, the Company has issued 12,500,000 new ordinary shares through first tranche of private placement at an issue price of RM1.11 per share for total consideration of RM13,875,000.

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.

Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations including subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Non-current					
Hire purchase liabilities	14.1	396,609	247,232	-	-
Term loan - secured	14.2	183,580	-	-	-
		580,189	247,232	-	-
Current					
Hire purchase liabilities	14.1	526,002	340,001	-	-
Term loan - secured	14.2	46,020	-	-	-
Revolving credit - secured	14.3	37,246,185	16,462,031	-	-
Bank overdrafts - secured	14.4	36,242,034	18,569,215	-	-
		74,060,241	35,371,247	-	-
		74,640,430	35,618,479	-	-

14.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments		Present value of minimum lease payments		Present value of minimum lease payments	
	2025 RM	Interest 2025 RM	2025 RM	Future minimum lease payments 2024 RM	Interest 2024 RM	2024 RM
Less than one year	569,468	43,466	526,002	366,710	26,709	340,001
Between one and five years	410,679	14,070	396,609	256,243	9,011	247,232
Total	980,147	57,536	922,611	622,953	35,720	587,233

Included in the hire purchase liabilities is RM922,611 (2024: RM575,593) secured by the corporate guarantee from the Company.

14.2 Term loan – secured

During the financial year, the Group obtained a term loan of RM250,000 for working capital purpose. The term loan is repayable over a period of 5 years and is secured by short-term deposits as disclosed in Note 12 and corporate guarantees from the Company.

14.3 Revolving credit – secured

The revolving credit with total limit of RM84,500,00 (2024: RM75,000,000) is secured by short-term deposits in Note 12 and corporate guarantees from the Company.

14.4 Bank overdrafts – secured

The bank overdrafts with total limit of RM38,000,000 (2024: RM38,000,000) are secured by short-term deposits in Note 12 and corporate guarantees from the Company.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade payables	15.1	16,993,551	13,978,637	-	-
Accrued expenses		15,401,861	33,212,020	-	-
		32,395,412	47,190,657	-	-
Non-trade					
Other payables		5,405,754	3,991,611	252,787	254,347
Amounts due to associates	15.2	17,195,946	14,889,989	-	-
Amounts due to subsidiaries	15.3	-	-	19,460	23,342
Accrued expenses		2,929,646	2,885,299	778,575	784,936
		25,531,346	21,766,899	1,050,822	1,062,625
		57,926,758	68,957,556	1,050,822	1,062,625

15.1 Included in trade payables of the Group is amounts due to associates amounting to RM8,901,776 (2024: RM9,113,297). The credit terms range from 30 to 90 days (2024: 30 to 90 days).

15.2 The amounts due to associates of the Group are unsecured, subject to interest of 4.60% (2024: 5.13%) per annum and repayable on demand.

15.3 The amounts due to subsidiaries are unsecured, subject to interest of 4.60% (2024: 5.13%) per annum and repayable on demand.

16. PROVISIONS

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Leave pay		499,154	478,051	72,417	72,417
Litigation	16.1	3,424,753	-	-	-
		3,923,907	478,051	72,417	72,417

16.1 Litigation

On 2 October 2025, the High Court decided against HSS Integrated Sdn. Bhd. (“HSSI”), an associate of the Group, in respect of a subcontractor’s claim for alleged works performed, loss of professional service fees, additional out-of-scope works, reimbursables and legal costs amounting to RM3,424,753 (“Decision”).

Subsequently, HSSI filed an appeal on 24 October 2025 against the Decision and submitted an application for stay of execution on 29 October 2025. The application for stay was heard on 12 March 2026, and the Court reserved its decision to 27 April 2026. HSSI is of the view that there are reasonable prospects of success in the appeal.

Notwithstanding the appeal and in the view of adverse outcome of the High Court proceedings, management has recognised a provision for the litigation amounting to RM3,424,753 in respect of the Group’s obligation arising from the exclusive business arrangement disclosed in Note 29. This provision has been included in other operating expenses in the Group’s consolidated statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

17. REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contracts with customers	220,700,697	201,244,188	4,832,300	4,988,600
Other revenue				
- Dividend income	-	-	3,000,000	11,250,000
Total revenue	220,700,697	201,244,188	7,832,300	16,238,600
Timing and recognition				
Over time	220,700,697	201,244,188	4,832,300	4,988,600
Revenue from contracts with customers	220,700,697	201,244,188	4,832,300	4,988,600
Other revenue	-	-	3,000,000	11,250,000
Total revenue	220,700,697	201,244,188	7,832,300	16,238,600

17.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Primary geographical market				
- Malaysia	192,201,966	169,208,955	7,832,300	16,238,600
- Iraq	19,687,918	25,706,332	-	-
- India	4,554,290	1,335,675	-	-
- Philippines	2,554,916	1,986,243	-	-
- Cambodia	1,103,792	1,564,613	-	-
- Indonesia	597,815	1,442,370	-	-
Total revenue	220,700,697	201,244,188	7,832,300	16,238,600

17.2 Nature of revenue from contracts with customers

Revenue from contracts with customers of the Group includes engineering, project management and building information management services. Revenue is recognised over time using cost incurred method. This is calculated on the proportion of total internal costs (for design services) or total costs (for supervision services) incurred at the reporting date compared to Directors' estimation of total internal costs (for design services) or total costs (for supervision services) of the contract.

Payment terms are based on agreed milestones. For engineering services, liquidated damages would be imposed and to reduce the transaction price if a project does not meet the defined milestones in a contract.

Revenue from contracts with customers of the Company includes management fees charged to subsidiaries. Revenue is recognised over time when services are performed over the contract term. Payment terms are 30 days from the date of the invoice.

17.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the financial year end. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2026	2027	After 2027	Total
	RM	RM	RM	RM
2025				
Services	248,596,913	121,896,421	878,672,270	1,249,165,604
2024				
Services	195,425,307	106,067,823	890,386,581	1,191,879,711

The amount disclosed above does not include variable consideration.

NOTES TO THE FINANCIAL STATEMENTS

17. REVENUE (CONTINUED)

17.3 Transaction price allocated to the remaining performance obligations (continued)

The Group and the Company apply the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

17.4 Significant judgements and assumptions arising from revenue recognition

The Group measured the performance of service done based on the stage of completion of work performed at the end of reporting period. The determination of percentage of completion involves significant management judgement, particularly in estimating the cost to complete at the contract inception and reassessing estimates as the contract progresses.

18. FINANCE INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest income of financial assets calculated using the effective interest method that are at amortised cost	412,423	355,936	23,388	101,913
Recognised in profit or loss	412,423	355,936	23,388	101,913

19. FINANCE COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	4,050,099	2,746,866	97,905	231,937
Interest expense on lease liabilities	259,134	374,799	-	-
Recognised in profit or loss	4,309,233	3,121,665	97,905	231,937

NOTES TO THE FINANCIAL STATEMENTS

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense				
Malaysian - current year	2,646,753	9,411,631	-	-
- prior year	(4,720,809)	(581,913)	-	-
Overseas - current year	27,818	12,716	-	-
	(2,046,238)	8,842,434	-	-
Deferred tax benefit				
Origination and reversal of temporary differences	3,559,297	52,536	-	-
Under provision in prior year	4,941,110	87,486	-	-
	8,500,407	140,022	-	-
Income tax expense	6,454,169	8,982,456	-	-
Share of tax of equity-accounted associates	147,400	6,636	-	-
Total income tax expense	6,601,569	8,989,092	-	-

Reconciliation of tax expense

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit/(loss) for the year	13,338,874	24,912,183	(698,700)	7,461,304
Total income tax expense	6,601,569	8,989,092	-	-
Profit/(loss) excluding tax	19,940,443	33,901,275	(698,700)	7,461,304
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)	4,785,706	8,136,306	(167,688)	1,790,713
Effect of tax rate in foreign tax jurisdiction	2,282	68,921	-	-
Non-deductible expenses	1,528,811	1,286,674	887,688	909,287
Tax exempt income	-	-	(720,000)	(2,700,000)
Effect of deferred tax assets not recognised	64,469	(8,382)	-	-
Under/(over) provision in prior year	220,301	(494,427)	-	-
Total income tax expense	6,601,569	8,989,092	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. PROFIT FOR THE YEAR

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Profit for the year is arrived at after charging/(crediting):					
Auditors' remunerations:					
- Audit fees					
KPMG PLT		269,500	253,650	45,000	45,000
Other auditors		26,390	28,206	-	-
- Non-audit fees					
KPMG PLT		7,000	7,000	7,000	7,000
Material expenses/(income)					
Gain on disposal of property, plant and equipment	2	-	(18,798)	-	-
Write off of property, plant and equipment	2	71	16,109	-	-
Amortisation of intangible assets	4	278,851	205,572	-	-
Depreciation of property, plant and equipment	2	1,060,476	952,848	-	-
Depreciation of right-of-use assets	3	2,944,667	2,937,147	-	-
Gain on derecognition of right-of-use assets		-	(8,329)	-	-
Personnel expenses (including key management personnel):					
- Contributions to state plans		9,449,280	9,295,938	548,868	548,880
- Expenses related to defined benefit plans	8	8,865	12,054	-	-
- Wages, salaries and others		102,889,494	98,385,210	5,655,197	5,362,682
Net foreign exchange loss/(gain)		179,971	44,986	1,689	(64)
Net fair value loss on derivative		-	163,633	-	163,633
Expenses arising from leases					
Expenses arising from leases	a	229,712	237,006	-	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		1,529,234	523,522	-	-
Contract assets		10,769,877	-	-	-

Note a

The Group leases office premises and office equipment with contract terms of 1 to 3 years. These leases are short-term and/or low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

22. DIRECTORS' REMUNERATION

The details of the remuneration paid by the Group and the Company to Directors of the Group and the Company who served during the financial year are as follows:

2025	Salaries RM	Fees RM	Other short-term employee benefits RM	Total RM
Group				
Executive Directors				
Tan Sri Ir. Kunasingam A/L V.Sittampalam	1,110,000	-	649,018	1,759,018
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	540,000	-	283,602	823,602
Datuk Ir. Teo Chok Boo	960,000	-	455,893	1,415,893
Ir. Prem Kumar A/L M Vasudevan	600,000	-	258,493	858,493
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi	318,892	-	171,940	490,832
	3,528,892	-	1,818,946	5,347,838
Non-Executive Directors				
Dato' Mohd Zakhir Siddiqy Bin Sidek	-	63,000	7,000	70,000
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	-	96,000	12,000	108,000
Tai Keat Chai	-	96,000	13,000	109,000
Vanessa A/P Santhakumar	-	96,000	6,000	102,000
	-	351,000	38,000	389,000
	3,528,892	351,000	1,856,946	5,736,838
Company				
Executive Directors				
Tan Sri Ir. Kunasingam A/L V.Sittampalam	1,110,000	-	649,018	1,759,018
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	540,000	-	283,602	823,602
Datuk Ir. Teo Chok Boo	960,000	-	455,893	1,415,893
Ir. Prem Kumar A/L M Vasudevan	600,000	-	258,493	858,493
	3,210,000	-	1,647,006	4,857,006
Non-Executive Directors				
Dato' Mohd Zakhir Siddiqy Bin Sidek	-	63,000	7,000	70,000
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	-	96,000	12,000	108,000
Tai Keat Chai	-	96,000	13,000	109,000
Vanessa A/P Santhakumar	-	96,000	6,000	102,000
	-	351,000	38,000	389,000
	3,210,000	351,000	1,685,006	5,246,006

NOTES TO THE FINANCIAL STATEMENTS

22. DIRECTORS' REMUNERATION (CONTINUED)

2024	Salaries RM	Fees RM	Other short-term employee benefits RM	Total RM
Group				
Executive Directors				
Tan Sri Ir. Kunasingam A/L V.Sittampalam	1,110,000	-	533,280	1,643,280
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	540,000	-	227,177	767,177
Datuk Ir. Teo Chok Boo	960,000	-	375,780	1,335,780
Ir. Prem Kumar A/L M Vasudevan	600,000	-	208,380	808,380
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi	312,000	-	216,180	528,180
	3,522,000	-	1,560,797	5,082,797
Non-Executive Directors				
Dato' Mohd Zakhir Siddiqy Bin Sidek	-	108,000	11,000	119,000
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	-	96,000	14,000	110,000
Tai Keat Chai	-	96,000	14,000	110,000
Vanessa A/P Santhakumar	-	96,000	8,000	104,000
	-	396,000	47,000	443,000
	3,522,000	396,000	1,607,797	5,525,797
Company				
Executive Directors				
Tan Sri Ir. Kunasingam A/L V.Sittampalam	1,110,000	-	533,280	1,643,280
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	540,000	-	227,177	767,177
Datuk Ir. Teo Chok Boo	960,000	-	375,780	1,335,780
Ir. Prem Kumar A/L M Vasudevan	600,000	-	208,380	808,380
	3,210,000	-	1,344,617	4,554,617
Non-Executive Directors				
Dato' Mohd Zakhir Siddiqy Bin Sidek	-	108,000	11,000	119,000
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	-	96,000	14,000	110,000
Tai Keat Chai	-	96,000	14,000	110,000
Vanessa A/P Santhakumar	-	96,000	8,000	104,000
	-	396,000	47,000	443,000
	3,210,000	396,000	1,391,617	4,997,617

NOTES TO THE FINANCIAL STATEMENTS

23. EARNINGS PER ORDINARY SHARE**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2025 RM	2024 RM
Profit for the year attributable to owners of the Company (RM)	13,448,944	25,088,932
Weighted average number of ordinary shares in issue during the financial year	508,480,118	507,178,748
Basic earnings per share (sen)	2.64	4.95

Diluted earnings per ordinary share

Diluted earning per shares (EPS) is not presented as the Group has no shares or other instruments with potential dilutive effects.

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
2025			
Final 2024 ordinary	1.46	7,423,808	18 July 2025
2024			
Final 2023 ordinary	1.21	6,152,607	26 June 2024

The Directors do not recommend any final dividend to be paid for the financial year under review.

25. SEGMENT INFORMATION

The Group operates under a single reportable segment, the provision of engineering, project management and building information management services, which is the Group's strategic business unit. The Group's Chief Operating Decision Maker (i.e. acting Group Chief Executive Officer) reviews internal management reports at least on a quarterly basis. No segment reporting is presented as the Group operates solely in a single reportable segment.

Major customers

There are 2 (2024: 3) major customers with revenue more than 10% of the Group's total revenue amounting to RM178,262,559 (2024: RM167,452,171).

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS**26.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost (“AC”)
- (b) Fair value through other comprehensive income (“FVOCI”)
 - Equity instrument designated upon initial recognition (“EIDUIR”)

2025	Carrying amount RM	AC RM	FVOCI - EIDUIR RM
Financial assets			
Group			
Other investment	200,156	-	200,156
Trade and other receivables	64,383,935	64,383,935	-
Cash and cash equivalents	26,108,841	26,108,841	-
	90,692,932	90,492,776	200,156
Company			
Trade and other receivables	1,405,546	1,405,546	-
Cash and cash equivalents	147,373	147,373	-
	1,552,919	1,552,919	-
Financial liabilities			
Group			
Trade and other payables	(57,926,758)	(57,926,758)	-
Loans and borrowings	(74,640,430)	(74,640,430)	-
	(132,567,188)	(132,567,188)	-
Company			
Trade and other payables	(1,050,822)	(1,050,822)	-

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Categories of financial instruments (continued)

2024	Carrying amount RM	AC RM	FVOCI - EIDUIR RM
Financial assets			
Group			
Other investment	200,156	-	200,156
Trade and other receivables	55,071,819	55,071,819	-
Cash and cash equivalents	14,867,004	14,867,004	-
	70,138,979	69,938,823	200,156
Company			
Trade and other receivables	9,615,848	9,615,848	-
Cash and cash equivalents	125,150	125,150	-
	9,740,998	9,740,998	-
Financial liabilities			
Group			
Trade and other payables	(68,957,556)	(68,957,556)	-
Loans and borrowings	(35,618,479)	(35,618,479)	-
	(104,576,035)	(104,576,035)	-
Company			
Trade and other payables	(1,062,625)	(1,062,625)	-

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Net (losses)/gains on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	-	(163,633)	-	(163,633)
Financial assets at amortised cost	(1,282,708)	(233,431)	23,388	101,913
Financial liabilities at amortised cost	(4,604,173)	(2,726,007)	(99,594)	(231,873)
	(5,346,881)	(3,123,071)	(76,206)	(293,593)

26.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of trade receivables ageing.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

The exposures of credit risk for trade receivables as at the end of the current and previous reporting periods by geographic region is mainly domestic.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process is as follows:

- (a) The Group will start to initiate a structured debt recovery process which is monitored by the sales management team should there be indicators where the debts owing by a customer may not be fully recoverable; and
- (b) The Group will commence a legal proceeding against the customer if there was no response from customers or any financial difficulties faced by the customers.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For low risk of default customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external ratings, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)**26.4 Credit risk (continued)****Trade receivables and contract assets (continued)****Recognition and measurement of impairment losses (continued)**

The following table provides 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.

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2025			
Current (not past due)	194,284,484	-	194,284,484
1 - 90 days past due	10,340,206	-	10,340,206
91 - 180 days past due	8,001,520	-	8,001,520
	212,626,210	-	212,626,210
Credit impaired			
181 - 365 days past due	874,496	(34,146)	840,350
More than 365 days past due	23,587,936	(1,273,471)	22,314,465
Individually impaired	22,845,267	(22,845,267)	-
	259,933,909	(24,152,884)	235,781,025
Trade receivables	72,155,121	(13,383,007)	58,772,114
Contract assets	187,778,788	(10,769,877)	177,008,911
	259,933,909	(24,152,884)	235,781,025
2024			
Current (not past due)	180,450,288	-	180,450,288
1 - 90 days past due	4,854,029	-	4,854,029
91 - 180 days past due	1,019,859	-	1,019,859
	186,324,176	-	186,324,176
Credit impaired			
181 - 365 days past due	11,519,771	(332,019)	11,187,752
More than 365 days past due	12,559,105	(725,575)	11,833,530
Individually impaired	10,804,777	(10,804,777)	-
	221,207,829	(11,862,371)	209,345,458
Trade receivables	60,148,316	(11,862,371)	48,285,945
Contract assets	161,059,513	-	161,059,513
	221,207,829	(11,862,371)	209,345,458

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Group	Trade receivables		Contract assets RM	Total RM
	Lifetime ECL RM	Credit impaired RM		
Balance at 1 January 2024	534,072	10,809,093	-	11,343,165
Net remeasurement of loss allowance	523,522	-	-	523,522
Effect of movement in exchange rate	-	(4,316)	-	(4,316)
Balance at 31 December 2024/ 1 January 2025	1,057,594	10,804,777	-	11,862,371
Net remeasurement of loss allowance	250,023	1,279,211	10,769,877	12,299,111
Effect of movement in exchange rate	-	(8,598)	-	(8,598)
Balance at 31 December 2025	1,307,617	12,075,390	10,769,877	24,152,884

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions of the Group and the Company. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and utilities. The Group manages the credit risk for deposits together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses since it is not material.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)**26.4 Credit risk (continued)****Inter-company advances*****Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured advances to the subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have a low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at 31 December.

Company	Gross carrying amount RM	Impairment loss allowances RM	Net balance RM
2025			
Low credit risk	1,273,321	-	1,273,321
2024			
Low credit risk	9,589,370	-	9,589,370

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM74,640,430 (2024: RM35,606,839) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. Accordingly, the financial guarantees have not been recognised since the fair value on initial recognition was not material.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the financial guarantees individually using internal information available.

No allowance for impairment losses is made for financial guarantees as at the end of the reporting period.

26.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)**26.5 Liquidity risk (continued)*****Maturity analysis***

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate/ coupon/ Discount rate	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
2025						
<i>Non-derivative financial liabilities</i>						
Term loan - secured	229,600	5.4%	258,944	57,540	57,540	143,864
Bank overdrafts - secured	36,242,034	5.4%	36,242,034	36,242,034	-	-
Revolving credit - secured	37,246,185	5.4%	37,246,185	37,246,185	-	-
Lease liabilities	3,594,465	4.6% to 6.0%	3,721,524	3,173,656	403,889	143,979
Hire purchase liabilities	922,611	3.4%	980,147	569,468	337,179	73,500
Amounts due to associates	17,177,030	4.6%	17,986,960	17,986,960	-	-
Trade and other payables	40,730,812	-	40,730,812	40,730,812	-	-
	136,161,653		137,166,606	136,006,655	798,608	361,343
2024						
<i>Non-derivative financial liabilities</i>						
Bank overdrafts - secured	18,569,215	5.7%	18,569,215	18,569,215	-	-
Revolving credit - secured	16,462,031	5.7%	16,462,031	16,462,031	-	-
Lease liabilities	6,112,161	4.6% to 6.0%	6,461,633	3,121,423	2,989,534	350,676
Hire purchase liabilities	587,233	2.3% to 3.4%	622,953	366,710	212,344	43,899
Amounts due to associates	14,889,989	5.1%	15,653,845	15,653,845	-	-
Trade and other payables	54,067,567	-	54,067,567	54,067,567	-	-
	110,688,196		111,837,244	108,240,791	3,201,878	394,575

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM	Contractual interest rate/ coupon/ Discount rate	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
2025						
<i>Non-derivative financial liabilities</i>						
Amount due to subsidiaries	19,460	4.67	20,355	20,355	-	-
Trade and other payables	1,031,362	-	1,031,362	1,031,362	-	-
Financial guarantees	-	-	73,717,819	73,717,819	-	-
	1,050,822		74,769,536	74,769,536	-	-
2024						
<i>Non-derivative financial liabilities</i>						
Amount due to subsidiaries	23,342	5.1%	24,539	24,539	-	-
Trade and other payables	1,039,283	-	1,039,283	1,039,283	-	-
Financial guarantees	-	-	35,606,839	35,606,839	-	-
	1,062,625		36,670,661	36,670,661	-	-

26.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Group's and the Company's financial position or cash flows.

26.6.1 Interest rate risk

The Group's fixed rate borrowings and deposits with licensed banks are exposed to a risk of changes in their fair value due to changes in interest rate. The Group's variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rate. The Company's exposure to interest rate risk arises principally from its amount due from subsidiaries. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company have an informal policy in place and the exposure to interest rate risk is monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Market risk (continued)

26.6.1 Interest rate risk (continued)

Exposure to interest rate risk

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

	2025 RM	2024 RM
Group		
Fixed rate instruments		
Financial assets	23,375,243	12,528,670
Financial liabilities	(922,611)	(587,233)
	22,452,632	11,941,437
Floating rate instruments		
Financial liabilities	(90,913,765)	(49,921,235)
Company		
Floating rate instruments		
Financial assets	555,221	315,770
Financial liabilities	(19,460)	(23,342)
	535,761	292,428

*Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does 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 variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Post-tax profit or loss		Post-tax profit or loss	
	100 bp increase 2025 RM	100 bp decrease 2025 RM	100 bp increase 2024 RM	100 bp decrease 2024 RM
Group				
Floating rate instruments	(690,945)	690,945	(379,401)	379,401
Company				
Floating rate instruments	4,072	(4,072)	2,222	(2,222)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)**26.7 Fair value information**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2025										
Financial assets										
Other investment										
- unquoted shares	-	-	200,156	200,156	-	-	-	-	200,156	200,156
Financial liabilities										
Term loan - secured	-	-	-	-	-	-	(229,600)	(229,600)	(229,600)	(229,600)
Hire purchase liabilities	-	-	-	-	-	-	(907,911)	(907,911)	(907,911)	(922,611)
	-	-	-	-	-	-	(1,137,511)	(1,137,511)	(1,137,511)	(1,152,211)
2024										
Financial assets										
Other investment										
- unquoted shares	-	-	200,156	200,156	-	-	-	-	200,156	200,156
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(578,119)	(578,119)	(578,119)	(587,233)

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONTINUED)**26.7 Fair value information (continued)****Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial year (2024: no transfer in either direction).

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models for financial instruments not carried at fair value.

The fair value of unquoted shares are determined to approximate the net assets of the investees as they are immaterial in the context of the financial statements and the investees have not commenced operations.

The fair value of long term borrowing and payables are determined using the discounted cash flows valuation technique based on the current market rate of borrowing of the respective companies in the Group at the reporting date.

27. CAPITAL COMMITMENTS

	Group	
	2025	2024
	RM	RM
Authorised but not contracted for:		
Purchase of property, plant and equipment	2,459,000	2,549,000

NOTES TO THE FINANCIAL STATEMENTS

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratios at 31 December 2025 and at 31 December 2024 were as follows:

	Note	Group	
		2025 RM	2024 RM
Loans and borrowings	14	74,640,430	35,618,479
Lease liabilities		3,594,465	6,112,161
Less: Cash and cash equivalents	12	(26,108,841)	(14,867,004)
Net debt		52,126,054	26,863,636
Total equity		297,520,352	291,708,204
Debt-to-equity ratios		0.18	0.09

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital and such shareholders' equity is not less than RM40million. The Company has complied with this requirement.

29. RELATED PARTIES

Significant related party transactions

Related party transactions have been entered into the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 9 and 15 to the financial statements.

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
A. Subsidiaries				
Dividend income	-	-	3,000,000	11,250,000
Management fee income	-	-	4,832,300	4,988,600
Management fee expense	-	-	(1,189,000)	(1,034,000)
B. Associates				
Service rendered	189,078,208	167,754,976	-	-
C. Entities in which certain Directors have interest				
Rental of premises	(2,832,324)	(2,824,824)	-	-

NOTES TO THE FINANCIAL STATEMENTS

29. RELATED PARTIES (CONTINUED)**Significant related party transactions (continued)**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
D. Key management personnel				
Fees	351,000	396,000	351,000	396,000
Remuneration	7,722,558	6,799,795	3,480,000	3,480,000
Other short term employee benefits	2,399,867	1,734,214	1,298,499	1,004,935
Total short term employee benefits	10,473,425	8,930,009	5,129,499	4,880,935
Post employment benefits	1,029,482	900,438	513,900	513,900
	11,502,907	9,830,447	5,643,399	5,394,835

The details of remuneration for Board of Directors' of the Company are disclosed in Note 22 to the financial statements.

The Group through its subsidiary, HSS Engineering Sdn. Bhd. has an exclusive arrangement with HSSI, HSSME and HSSJV to collaborate, co-operate and work together in bidding for, procuring, obtaining, or otherwise providing services for potential engineering and construction works and projects. Under this arrangement, the parties undertake all professional engineering services related to the projects as registered professional engineers under the Registration of Engineers Act 1967 with each party contributing to the collaboration, their relevant area of competency and expertise.

Similar exclusive business arrangement as described above has also been executed between the Group's subsidiary, SMHB Engineering Sdn. Bhd. and its associate, SMHB.

30. JOINT OPERATION

On 30 June 2024, a joint arrangement comprising HSS Engineering Sdn. Bhd. ("HSSE"), a wholly-owned subsidiary of the Company, and Consultant HSS, L.L.C ("CHSS"), a company registered in the United Arab Emirates, entered into a contract with the Mayorality of Baghdad for the provision of Project Management Consultancy and Supervision Services for the Baghdad Metro Project in Iraq. The joint arrangement is structured as an unincorporated joint operation, with HSSE holding a 50% participating interest.

31. SUBSEQUENT EVENT

On 5 January 2026, HSS Integrated Sdn. Bhd. ("HSSI"), an associate of the Group was served with an Amended Writ of Summons and Amended Statement of Claim in respect of a civil suit filed at the High Court of Malaya at Kuala Lumpur. The suit relates to the Group's obligation arising from the exclusive business arrangement disclosed in Note 29.

The claims relate to alleged losses suffered by sukuk holders of MEX II Sdn. Bhd. (in receivership), arising from defaults under Sukuk Murabahah issued to finance the Lebuhraya Putrajaya-KLIA (MEX II) highway project ("Project").

HSSI is named as the 11th defendant and is alleged to have breached its duty of care in its capacity as consulting engineer for the Project, specifically in relation to the certification of interim progress payment certificates during construction phase.

The Group maintains that it has, at all material times, discharged its duties and obligations relation to the Project professionally and in accordance with applicable legal and contractual requirements. Accordingly, the Directors are of the opinion that this legal action is not expected to have any material adverse financial or operational impact on the Group.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 108 to 157 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 of 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Tan Sri Ir. Kunasingam A/L V.Sittampalam

Director

.....
Ir. Prem Kumar A/L M. Vasudevan

Director

Kuala Lumpur,

Date: 22 April 2026

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Wang Thee Kit**, the Officer primarily responsible for the financial management of HSS Engineers Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Wang Thee Kit, NRIC: 770303-10-5637, MIA 22881 at Kuala Lumpur in the Federal Territory on 22 April 2026.

.....
Wang Thee Kit

Before me:

INDEPENDENT AUDITORS' REPORT

to the members of HSS Engineers Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HSS Engineers Berhad, which comprise the statements of financial position as at 31 December 2025 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 of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 108 to 157.

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 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 auditors' 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Impairment of goodwill

Refer to Note 4 – Goodwill

The key audit matter

As at 31 December 2025, the Group's consolidated statement of financial position included goodwill amounting to RM162.7 million.

The Group performed annual goodwill impairment assessment by comparing the carrying amount of goodwill against the recoverable amount based on estimated future cash flows of the cash generating unit ("CGU") to which goodwill was allocated. The estimation of future cash flows involved prospective financial information based on assumptions made by the Directors.

We have determined impairment of goodwill as a key audit matter because the determination of recoverable amount of goodwill is inherently uncertain and it requires the exercise of significant judgement in applying key assumptions particularly the revenue growth rate, terminal growth rate and discount rate.

INDEPENDENT AUDITORS' REPORT

to the members of HSS Engineers Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Assessed the determination of CGU based on our understanding of the Group's business activities;
- Obtained an understanding of the Group's goodwill impairment assessment process including the preparation and review of the cash flow projections;
- Compared prior year cash flow projections prepared for impairment assessment with the actual performance achieved in the current year to assess the reliability of the cash flow projections;
- Compared assumptions used in the Group's cash flow projections, including revenue growth rate and terminal growth rate to historical results and industry data as well as our understanding of the Group and the industry;
- Involved our own valuation specialists to assess the appropriateness of the methodology adopted by the Group including the discount rate used in Group's cash flow projections against other companies in the industry;
- Inquired and challenged Directors on the key assumptions used in the Group's cash flow projections;
- Assessed the outcome of sensitivity analysis around the key assumptions that were expected to be sensitive to the future recoverable amount to identify the likelihood of impairment; and
- Assessed the financial statement disclosures, including disclosures of key assumptions and sensitivities.

Revenue recognition

Refer to Note 17 – Revenue.

The key audit matter

The Group's service revenue is derived from long-term service contracts of which revenue is recognised over time using cost incurred method. This is calculated on the proportion of total internal costs (for design services) or total costs (for supervision services) incurred at the reporting date compared to Directors' estimation of total internal costs (for design services) or total costs (for supervision services) of the contracts.

The determination of percentage of completion is complex due to the high level of management estimation involved, particularly in forecasting total cost to complete at contract inception and in revising such estimates for events or conditions that arise during the course of contract, or that are expected to arise in order to complete the contract.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- Evaluated the Group's project budget process and monitoring of project costs and activities that were used in determining the amounts of revenue recognised in Group's financial statements;
- For a selection of contracts:
 - (i) assessed the estimated cost to complete by agreeing to internal budget;
 - (ii) agreed the total contract sums to contract entered into by the Group and its customers; and
 - (iii) agreed the total costs incurred during the year to the project time cost report or subconsultants' invoices.
- Compared prior year's estimated cost to complete for selected completed contracts with the actual final cost incurred to assess the reliability of the Group's estimation process; and
- Assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving revenue recognition.

INDEPENDENT AUDITORS' REPORT

to the members of HSS Engineers Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Impairment of investment in subsidiaries – Company

Refer to Note 5 – Investment in subsidiaries

The key audit matter

As at 31 December 2025, the Company's statement of financial position included investment in subsidiaries amounting to RM210.9 million.

Indication of impairment were identified where the carrying amount of certain investment in subsidiaries exceeded their net tangible asset. For those investments, the Company assessed the recoverability by estimating the future cash flows expected to be generated by relevant subsidiaries. The impairment assessment involved use of prospective financial information and significant assumptions made by the Directors.

We determined impairment in subsidiaries to be a key audit matter due to the inherent uncertainty involved in determining the recoverable amount of these investments, which requires significant judgement, particularly in relation to key assumption such as revenue growth rate, terminal growth rate and discount rate.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- For those investment in subsidiaries where indicators of impairment existed, we obtained an understanding of the Company's impairment assessment process including the preparation and review of the cash flow projections;
- Compared prior year cash flow projections prepared for impairment assessment purposes with the actual performance achieved in the current year to assess the reliability of the cash flow projections;
- Compared assumptions used in the Company's cash flow projections, including revenue growth rate and terminal growth rate to historical results and industry data as well as our understanding of the subsidiaries and the industry they operated in;
- Involved our own valuation specialists to compare the discount rate used in Company's cash flow projections against other companies in the industry;
- Assessed the outcome of sensitivity analysis around the key assumptions that are expected to be sensitive to the future recoverable amount to identify the likelihood of impairment;
- Inquired and challenged the Directors regarding the key assumptions used in the Group's cash flow projections; and
- Assessed the financial statement disclosures, including disclosures of key assumptions and sensitivities.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

to the members of HSS Engineers Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 MFRS Accounting Standards, IFRS Accounting 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units 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 purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

to the members of HSS Engineers Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

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.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 22 April 2026

Chan Kim Hing

Approval Number: 03737/04/2027 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2026

Total Number of Issued Shares : 508,480,118 ordinary shares
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	268	8.810	5,103	0.001
100 - 1,000	498	16.371	246,148	0.048
1,001 - 10,000	1,176	38.659	6,262,254	1.232
10,001 - 100,000	876	28.797	29,384,148	5.779
100,001 - 25,424,004 (*)	220	7.232	288,341,738	56.707
25,424,005 and above (**)	4	0.131	184,240,727	36.233
TOTAL:	3,042	100.00	508,480,118	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Flamingo Works Sdn Bhd	77,000,000	15.14	-	-
Victech Solutions Sdn Bhd	108,208,632	21.28	-	-
Tan Sri Ir. Kunasingam A/L V.Sittampalam	470,000	0.09	108,208,632 ⁽¹⁾	21.28
SK Capital Management Sdn Bhd	-	-	77,000,000 ⁽²⁾	15.14
Shantamalar A/P C.Sivasubramaniam	-	-	77,000,000 ⁽³⁾	15.14
Datuk Ir. Teo Chok Boo	33,632,095	6.61	16,994,106 ⁽⁴⁾	3.34

Notes:

⁽¹⁾ Deemed interest by virtue of his direct interest in Victech Solutions Sdn. Bhd.

⁽²⁾ Deemed interest by virtue of its direct interest in Flamingo Works Sdn. Bhd.

⁽³⁾ Deemed interest by virtue of her direct interest in SK Capital Management Sdn. Bhd.

⁽⁴⁾ Deemed interest through shares held by his spouse, Datin Tee Kui Kiau and his son, Ir. Teo Koon Hau.

ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2026

SHAREHOLDINGS OF DIRECTORS

(as per Register of Directors' Shareholdings)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Ir. Kunasingam A/L V.Sittampalam	470,000	0.09	108,208,632 ⁽¹⁾	21.28
Datuk Ir. Teo Chok Boo	33,632,095	6.61	16,994,106 ⁽²⁾	3.34
Puan Ir. Sharifah Azlina Bt Raja Kamal Pasmah	4,150,000	0.82	-	-
Ir. Prem Kumar A/L M Vasudevan	7,501,447	1.48	-	-
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh	-	-	-	-
Tai Keat Chai	-	-	-	-
Vanessa A/P Santhakumar	-	-	-	-
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi	9,273,684	1.82	-	-

By virtue of his total indirect interest in the Company, Tan Sri Ir. Kunasingam A/L V.Sittampalam is deemed to have interest in shares of all the subsidiaries of the Company.

Notes:

⁽¹⁾ Deemed interest by virtue of his direct interest in Victech Solutions Sdn. Bhd.

⁽²⁾ Deemed interest through shares held by his spouse, Datin Tee Kui Kiau and his son, Ir. Teo Koon Hau.

LIST OF TOP 30 SHAREHOLDERS

AS AT 24 MARCH 2026

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares Held	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VICTECH SOLUTIONS SDN BHD	73,608,632	14.476
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FLAMINGO WORKS SDN BHD	48,000,000	9.440
3.	TEO CHOK BOO	33,632,095	6.614
4.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR FLAMINGO WORKS SDN BHD (PB)	29,000,000	5.703
5.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	24,076,600	4.735
6.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KAF) (446190)	23,792,500	4.679
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR VICTECH SOLUTIONS SDN. BHD.	20,600,000	4.051
8.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR LGT BANK AG (LOCAL)	14,000,000	2.753
9.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	13,000,000	2.557
10.	TEO KOON HAU	9,767,684	1.921
11.	SYED MOHAMED ADNAN BIN MANSOR ALHABSHI	9,273,684	1.824
12.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND 2	7,678,300	1.510
13.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PREM KUMAR A/L M VASUDEVAN	7,489,947	1.473

ANALYSIS OF SHAREHOLDINGS

AS AT 24 MARCH 2026

No.	Name of Shareholders	No. of Shares Held	%
14.	TEE KUI KIAU	7,226,422	1.421
15.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	6,325,500	1.244
16.	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 3</i>	5,905,500	1.161
17.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. <i>RHB TRUSTEES BERHAD FOR KAF VISION FUND</i>	4,900,000	0.964
18.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>URUSHARTA JAMAAH SDN. BHD. (2)</i>	4,730,000	0.930
19.	ZULKIFLEE BIN AB HAMID	4,362,142	0.858
20.	SHARIFAH AZLINA BT. RAJA KAMAL PASMAH	4,150,000	0.816
21.	AMANAHRAYA TRUSTEES BERHAD <i>ASN IMBANG (MIXED ASSET BALANCED) 1</i>	3,999,400	0.787
22.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>URUSHARTA JAMAAH SB. (SC KAF)</i>	3,900,000	0.767
23.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (MY3164)</i>	3,787,300	0.745
24.	AMANAHRAYA TRUSTEES BERHAD <i>ASN UMBRELLA FOR ASN IMBANG (MIXED ASSET BALANCED) 2</i>	3,500,000	0.688
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOO AI CHOO</i>	3,430,105	0.675
26.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>MAYBANK TRUSTEES BERHAD FOR KAF ISLAMIC DIVIDEND INCOME FUND(290411)</i>	3,163,500	0.622
27.	NITCHIANANTHAN A/L BALASUBRAMANIAM	3,029,247	0.596
28.	MOHD ROUSDIN BIN HASSAN	3,000,000	0.590
29.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)</i>	2,727,500	0.536
30.	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 3 - DIDIK</i>	2,570,700	0.506
Total		384,626,758	75.642

GRI CONTENT INDEX

GRI Disclosure	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Information, p. 7; Corporate Structure, p.8
	2-2 Entities included in the organization's sustainability reporting	Corporate Structure, p.8; About This Statement, p.37
	2-3 Reporting period, frequency and contact point	About This Statement, p.37
	2-4 Restatements of information	About This Statement, p.37
	2-5 External assurance	About This Statement, p.37
	2-6 Activities, value chain and other business relationships	Core Services, p.1
	2-7 Employees	Diversity, p.65
	2-8 Workers who are not employees	Sustainability Performance Data Table, p.71
	2-9 Governance structure and composition	Sustainability Governance, p. 38-39
	2-10 Nomination and selection of the highest governance body	Internal Control System, p. 97
	2-11 Chair of the highest governance body	Corporate Information, p. 7
	2-12 Role of the highest governance body in overseeing the management of impacts	Board Responsibilities, p. 82-83. Sustainability Governance, p. 38-39
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance, p. 38-39
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance, p. 38-39
	2-15 Conflicts of interest	Board Responsibilities, p. 82-83, 85
	2-16 Communication of critical concerns	Sustainability Governance, p. 38-39
	2-17 Collective knowledge of the highest governance body	Board Composition, p. 90-91; Anti-Corruption and Bribery, p. 40
	2-18 Evaluation of the performance of the highest governance body	Board Composition, p. 89
	2-19 Remuneration policies	Remuneration, p. 91
	2-20 Process to determine remuneration	Remuneration, p. 91
	2-21 Annual total compensation ratio	Director's Remuneration, p. 141-142
	2-22 Statement on sustainable development strategy	Our Story, p. 4-6
	2-23 Policy commitments	Anti-Corruption and Bribery, p. 40; Whistleblower Policy, p. 41; ESH Policy, p. 60; Diversity Policy, p. 64, Human Rights Policy, p. 57; Board Responsibilities, p. 84-86
	2-24 Embedding policy commitments	Sustainability Governance, p. 38-39
2-25 Processes to remediate negative impacts	Whistleblowing Mechanism, p. 41	
2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing Mechanism, p. 41	
2-27 Compliance with laws and regulations	Regulatory Compliance, p. 40	
2-29 Approach to stakeholder engagement	Stakeholder Engagement, p. 42	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality, p. 43
	3-2 List of material topics	Materiality, p. 44
	3-3 Management of material topics	Materiality, p. 44-48

GRI CONTENT INDEX

GRI Disclosure	Disclosure	Location
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainable Solutions, p. 50
	201-2 Financial implications and other risks and opportunities due to climate change	Energy and Climate Change, p. 56-57
	201-3 Defined benefit plan obligations and other retirement plans	Employee Benefits, 129
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainable Solutions, p. 51-52
	203-2 Significant indirect economic impacts	Sustainable Solutions, p. 51-52
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Solution, p. 50; Sustainability Performance Data Table, p.71
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Corruption and Bribery, p. 40; Sustainability Performance Data Table, p. 71
	205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption and Bribery, p. 40
	205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption and Bribery, p. 40; Sustainability Performance Data Table, p. 71
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy and Climate Change, p. 54-55; Sustainability Performance Data Table, p. 71
	302-4 Reduction of energy consumption	Energy and Climate Change, p. 54-55
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, p. 59
	303-5 Water consumption	Water Management, p. 59; Sustainability Performance Data Table, p. 71
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy and Climate Change, p. 55; Sustainability Performance Data Table, p. 71
	305-2 Energy indirect (Scope 2) GHG emissions	Energy and Climate Change, p. 55; Sustainability Performance Data Table, p. 71
	305-3 Other indirect (Scope 3) GHG emissions	Energy and Climate Change, p. 55; Sustainability Performance Data Table, p. 71
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Energy and Climate Change, p. 55
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, p. 58-59
	306-2 Management of significant waste-related impacts	Waste Management, p. 58-59
	306-3 Waste generated	Waste Management, p. 58-59; Sustainable Performance Data Table, p. 72
	306-4 Waste diverted from disposal	Waste Management, p. 58-59; Sustainable Performance Data Table, p. 72
	306-5 Waste directed to disposal	Waste Management, p. 58-59; Sustainable Performance Data Table, p. 72
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Talent Recruitment, p. 63; Sustainable Performance Data Table, p.71
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits, p. 66

GRI CONTENT INDEX

GRI Disclosure	Disclosure	Location
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee and Public Safety, p. 60-62
	403-2 Hazard identification, risk assessment, and incident investigation	Employee and Public Safety, p. 60-62
	403-3 Occupational health services	Employee and Public Safety, p. 60-62
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee and Public Safety, p. 60-62
	403-5 Worker training on occupational health and safety	Employee and Public Safety, p. 60-62; Sustainable Performance Data Table, p. 71
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee and Public Safety, p. 60-62
	403-8 Workers covered by an occupational health and safety management system	Employee and Public Safety, p. 60-62
	403-9 Work-related injuries	Employee and Public Safety, p. 60-62; Sustainable Performance Data Table, p. 71
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programs for upgrading employee skills and transition assistance programs		Talent Recruitment, p. 64
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, p.64-65
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Respecting Human Rights, p. 67
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respecting Human Rights, p. 67
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Local Communities, p. 68-69
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security, p. 68; Sustainable Performance Data Table, p. 71

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting (“**11th AGM**”) of HSS Engineers Berhad (“**the Company**”) will be held at Banyan Room, Ground Floor, Sime Darby Convention Centre (SDCC), 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur on Tuesday, 9 June 2026 at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors’ Fees payable to the Non-Executive Directors of the Company up to an amount of RM475,200.00 from this Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
(Please refer to Explanatory Note 2)
3. To approve the payment of Directors’ benefits (excluding Directors’ Fees) payable to the Directors of the Company and its subsidiaries up to an amount of RM126,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 2**
(Please refer to Explanatory Note 2)
4. To re-elect the following Directors who are retiring pursuant to Clause 93 of the Constitution of the Company:-
 - (i) Datuk Ir. Teo Chok Boo
 - (ii) Puan Ir. Sharifah Azlina Bt. Raja Kamal Pasmah**Ordinary Resolution 3**
Ordinary Resolution 4
(Please refer to Explanatory Note 3)
5. To re-appoint KPMG PLT as External Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

To consider and if thought fit, to pass the following resolutions:

6. **Authority to Allot and Issue Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 6**
(Please refer to Explanatory Note 4)

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), the Directors be and are hereby authorised to allot and issue shares in the Company (“**New Shares**”) from time to time, at such price, to such persons 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 such New Shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory authorities being obtained for such allotment and issuance (“**Proposed General Mandate**”).

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company held after the approval was given;
- (b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

whichever is the earlier.

THAT the Directors of the Company be and are hereby also authorised and empowered to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities and to obtain the approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT in connection with the above, pursuant to Section 85 of the Act read together with Clause 8 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights to be offered New Shares in proportion of their holdings ranking equally to the existing issued shares in the Company at such price and at such terms to be offered arising from any issuance of New Shares of the Company pursuant to Sections 75 and 76 of the Act.

AND THAT the New Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing issued 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."

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852) (SSM PC No. 202008000067)
CHOE SIAU YEN (MIA 38878) (SSM PC No. 202008002428)
Company Secretaries

Wilayah Persekutuan Kuala Lumpur
Date: 30 April 2026

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 11th AGM shall have the same rights as the member to participate at the 11th AGM.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy must be executed under its Common Seal or signed by an officer or attorney so authorised, if the appointor is a corporation.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's Share Registrar's office 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 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 Kuala Lumpur. Alternatively, to be submitted electronically via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com>, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the Administrative Guide for the 11th AGM for further information on electronic submission of proxy form via The Portal.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 May 2026 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 11th AGM of the Company shall be put to vote by way of poll. Poll administrator and independent scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

EXPLANATORY NOTES

1. **Agenda Item 1 – To receive the Audited Financial Statements for the financial year ended 31 December 2025**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("**the Act**") for discussion only under Agenda item 1 as it does not require shareholders' approval. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Benefits**

The Directors' Fees payable includes fees payable to Non-Executive Directors as members of the Board and Board Committees from this Annual General Meeting ("**AGM**") until the conclusion of the next AGM of the Company pursuant to the Act which shareholders' approval will be sought at this 11th AGM in accordance with Section 230 of the Act.

The Directors' benefits (excluding Directors' Fees) payable to Directors comprises meeting allowance from this AGM until the conclusion of the next AGM of the Company pursuant to the Act which shareholders' approval will be sought at this 11th AGM in accordance with Section 230 of the Act.

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

In determining the estimated total amount of Directors' Fees and benefits payable to the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees, general meeting(s) and provisional sum as a contingency for future appointment(s) of Director(s) to the Board.

Payment of Directors' Fees and any benefits payable will be made by the Company on a monthly basis or as and when incurred. The Board is of view that it is just and equitable for the Directors' Fees to be paid on monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company.

3. Ordinary Resolutions 3 and 4 – Re-election of Directors

Clause 93 of the Constitution states that at every AGM, one-third of the Directors for the time being, or the number nearest to one-third, shall retire from office. The said clause also states that all Directors shall retire from office at least once in every three (3) years and all Directors who retire from office shall be eligible for re-election.

Datuk Ir. Teo Chok Boo and Puan Ir. Sharifah Azlina Bt. Raja Kamal Pasmah, being eligible, have offered themselves for re-election at this 11th AGM pursuant to Clause 93 of the Constitution. Their profiles are set out on page 26 and 27 of the Annual Report 2025.

The Board, via the Nomination and Remuneration Committee (“NRC”) of the Company, was satisfied with the performance, contribution as well as the fitness and properness of each retiring Directors, and have recommended to the shareholders the proposed re-election of each retiring Directors at the 11th AGM under Ordinary Resolutions 4 and 5 based on the following justifications:-

Ordinary Resolution 3 – Re-election of Datuk Ir. Teo Chok Boo

- a. **Datuk Ir. Teo Chok Boo** brings over 45 years of experience in various sectors of engineering, particularly in dams and water-related projects, where he served as the project director for several national mega water supply projects. He has played a pivotal role in shaping the Group's business strategies and strategic direction. He provides robust oversight, ensuring Management adequately addresses various opportunities and risks.
- b. He has demonstrated professional excellence, exercised due care and discharged his professional duties proficiently during his tenure as an Executive Director of the Company.

Ordinary Resolution 4 – Re-election of Puan Ir. Sharifah Azlina Bt. Raja Kamal Pasmah

- a. **Puan Ir. Sharifah Azlina Bt. Raja Kamal Pasmah** possesses over 33 years of experience within the engineering and project management consultancy sectors, with specialised expertise in road and highway designs. Having been with the Group since 1991, she commands deep institutional knowledge of the Company's operations and continues to provide the strategic leadership necessary to steer the Company forward.
- b. She has demonstrated exemplary leadership, exercised due care and discharged her professional duties proficiently with a high degree of proficiency and commitment during her tenure as an Executive Director of the Company.

The retiring Directors have consented to their re-election and abstained from deliberations and voting in relation to their re-election at the Board Meeting.

4. Ordinary Resolution 6 – Authority to Allot and Issue Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 6 proposed under item 6 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act and empowering the Directors of the Company to issue and allot shares in the Company from time to time, provided that the aggregate number of such shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being (“**Proposed General Mandate**”).

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

The Proposed General Mandate, if passed, will provide flexibility to the Company and empower the Directors to allot and issue new shares speedily in the Company for purpose of funding working capital or strategic development of the Group. This would also eliminate any delay arising from and cost involved in convening a general meeting to obtain approval from the shareholders for such issuance of 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.

By approving the issuance and allotment of shares pursuant to Sections 75 and 76 of Act and the Constitution of the Company, the shareholders, having agreed to irrevocably waive their statutory pre-emptive rights pursuant to Section 85 of the Act read together with Clause 8 of the Constitution of the Company which will result in a dilution to their shareholding percentage in the Company, allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the Proposed General Mandate.

If there should be a decision to issue new shares after the Proposed General Mandate is obtained, the Company will make an announcement in respect thereof.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADMINISTRATIVE GUIDE FOR THE 11TH AGM

Meeting Day & Date : Tuesday, 9 June 2026
 Time : 10.00 a.m.
 Venue : Banyan Room, Ground Floor, Sime Darby Convention Centre (SDCC), 1A, Jalan Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

INDIVIDUAL MEMBERS

Individual members who are unable to attend the 11th AGM and who wish to exercise their votes are encouraged to appoint proxy or Chairman of the Meeting to attend and/or vote on your behalf at the 11th AGM by indicating the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

CORPORATE MEMBERS

1. Corporate members who wish to appoint authorised representative(s) instead of a proxy to attend and vote at the 11th AGM **MUST** deposit their **original** or **duly certified** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd.'s ("**Tricor**") office not later than **Sunday, 7 June 2026 at 10.00 a.m.**
2. Attorney(s) appointed by Power of Attorney **MUST** deposit their **original** Power of Attorney with the Share Registrar of the Company at Tricor's office not later than **Sunday, 7 June 2026 at 10.00 a.m.**
3. If a corporate member [through its corporate representative(s) or appointed proxy(ies)] is unable to attend the 11th AGM, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE 11TH AGM

Only shareholders whose names appear on the Record of Depositors of the Company ("**ROD**") as of **Friday, 29 May 2026** shall be eligible to attend and vote at the 11th AGM or to appoint proxy(ies), corporate representative(s) or attorney(s) to attend and vote on his/her behalf at the 11th AGM.

Shareholder who wishes to personally attend the 11th AGM **MUST NOT** submit any Proxy Form for the 11th AGM. A shareholder will not be allowed to attend the 11th AGM together with the appointed proxy(ies).

APPOINTMENT OF PROXY / CORPORATE REPRESENTATIVE / ATTORNEY

Shareholders may appoint proxy(ies), corporate representative(s) or attorney(s) to attend and vote on his/her behalf at the 11th AGM of the Company.

DULY EXECUTED Proxy Form(s) and/or document(s) relating to the appointment of proxy(ies) for the 11th AGM, whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 7 June 2026 at 10.00 a.m.**:-

- (i) In hard copy form

By hand or post to Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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, Malaysia; OR

ADMINISTRATIVE GUIDE FOR THE 11TH AGM

(ii) By electronic means via TIIH Online

Shareholders may submit their Proxy Form(s) electronically via Vistra Share Registry and IPO (MY) Portal (“**The Portal**”). The procedures to submit the Proxy Form(s) electronically are summarised below:-

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User at The Portal	<ul style="list-style-type: none"> Visit the website at https://srmy.vistra.com. Click “Register” and select “Individual Holder” and complete the New User Registration Form. For guidance, you may refer to the tutorial guide available on the homepage. Once registration is completed, you will receive an email notification to verify your registered email address. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved. Once you receive the confirmation, activate your account by creating your password. <p><i>If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.</i></p>
Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: “HSS ENGINEERS BERHAD 11TH AGM”. Navigate to the 3 dots at the end of the corporate event and choose “SUBMISSION OF PROXY FORM”. Read and agree to the terms and conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print Form of Proxy for your record.
ii. Steps for corporate or institutional shareholders	
Register as a User at The Portal	<ul style="list-style-type: none"> Visit the website at https://srmy.vistra.com. Click “Register” and select “Representative or Corporate Holder” and complete the New User Registration Form. Complete the registration form with your personal details. Once registration is completed, you will receive an email notification to verify your registered email address. After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved. Once you receive the confirmation, activate your account by creating your 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>
Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> Login to https://srmy.vistra.com with your email address and password. Select the corporate event: “HSS ENGINEERS BERHAD 11TH AGM”. Navigate to the icon “>” at the end of the corporate event. Read and agree to the terms and conditions and confirm the Declaration. Select the corporate holder’s name. Proceed to download the submission file. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Select “Confirm” to complete your submission. Print the confirmation report of your submission for your record.

ADMINISTRATIVE GUIDE FOR THE 11TH AGM

REGISTRATION ON THE DAY OF THE 11TH AGM

1. Registration will commence at 8:30 a.m. and shall remain open until the conclusion of the 11th AGM or such other time as may be determined by Chairman of the Meeting. Please read the signage to ascertain the registration area and proceed for registration.
2. Please present your **original** National Registration Identity Card (“**NRIC**”) or Passport (for foreign member) to the registration staff for verification. Please ensure your original NRIC or Passport is returned to you after registration.
3. Upon verification and registration:-
 - (a) please sign on the attendance list and an identification wristband will be provided at the registration counter;
 - (b) if you are attending the 11th AGM as a member as well as a proxy, you will be registered once and will only be given one identification wristband;
 - (c) the identification wristband has passcode printed, which will be required for electronic voting purposes. No person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that the identification wristband is lost or misplaced; and
 - (d) you may proceed to the meeting venue thereafter.
4. Registration must be done in person. Please also note that you will not be allowed to register on behalf of another person even with the original NRIC or Passport of that other person.
5. The registration counters will only handle verification of identity, registration and revocation of proxy/proxies. If you have any queries, please proceed to the Help Desk.

PARKING

- Indoor and outdoor parking are available at SDCC.

MEETING PROCEEDINGS

- You may enter the meeting hall after registration.
- Please ensure that your mobile devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.
- All members or proxies are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.
- Resolutions set out on the Notice of AGM will be considered at the AGM. You will be asked to vote on these resolutions.

POLL VOTING AT THE MEETING

The voting at the 11th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting and Scrutineer Solutions Sdn Bhd as Independent Scrutineers to verify the poll results.

Voting for all the resolutions set out in the Notice of AGM will take place concurrently upon the conclusion of the deliberation of all businesses to be transacted at the AGM.

Upon completion of the voting session for the 11th AGM, the Independent Scrutineers will verify the poll results, followed by the Chairman’s declaration of the poll results at the 11th AGM. Subsequently, poll results will be announced via an announcement by the Company through Bursa Malaysia at www.bursamalaysia.com.

NO RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 11th AGM is allowed.

ADMINISTRATIVE GUIDE FOR THE 11TH AGM

ANNUAL REPORT 2025 AND OTHER DOCUMENTS

The Company's Annual Report 2025 is available under the 'Investor Relations' section on the Company's website at <https://hssgroup.listedcompany.com/home.html> and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

You may request for a printed copy of the Annual Report 2025 at <https://srmy.vistra.com> by selecting "**Request for Annual Report/Circular**" under the "**Investor Services**". Nevertheless, we hope you would consider the environment before you decide to request for the printed copy.

ENQUIRY

If you have any enquiries on the above, please contact the Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

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, Malaysia

General Line : +603-2783 9299

Email : is.enquiry@vistra.com

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NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy of proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 11th AGM shall have the same rights as the member to participate at the 11th AGM.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. The instrument appointing a proxy must be executed under its Common Seal or signed by an officer or attorney so authorised, if the appointor is a corporation.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's Share Registrar's office 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 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 Kuala Lumpur. Alternatively to be submitted electronically, via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srm.vistra.com>, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the Administrative Guide for the 11th AGM for further information on electronic submission of proxy form via The Portal.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 May 2026 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
7. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 11th AGM of the Company shall be put to vote by way of poll. Poll administrator and independent scrutineer will be appointed to conduct the polling process and verify the results of the poll respectively.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of the 11th AGM dated 30 April 2026.

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**AFFIX
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Tricor Investor & Issuing House Services Sdn. Bhd.
[197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Wilayah Persekutuan

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