

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF HAILY GROUP BERHAD (“HAILY” OR THE “COMPANY”) DATED 30 JUNE 2021 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper / Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, TA Securities Holdings Berhad (“**TA Securities**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, TA Securities and Haily take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10.00 a.m.** on **30 June 2021** and will close at **5.00 p.m.** on **7 July 2021**.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



HEAD OFFICE

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



HAILY GROUP BERHAD



PROSPECTUS



HAILY GROUP BERHAD

(Registration No: 202001006412 (1362732-T))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF HAILY GROUP BERHAD (“HAILY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

- (I) PUBLIC ISSUE OF 30,000,000 NEW ORDINARY SHARES IN HAILY (“PUBLIC ISSUE SHARES”) IN THE FOLLOWING MANNER:
 - 8,920,000 PUBLIC ISSUE SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 10,000,000 PUBLIC ISSUE SHARES FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
 - 11,080,000 PUBLIC ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- (II) OFFER FOR SALE OF 18,000,000 EXISTING ORDINARY SHARES IN HAILY (“OFFER SHARES”) BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE/OFFER PRICE OF RM0.68 PER PUBLIC ISSUE SHARE/ OFFER SHARE PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent



AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD

(Registration No. 197301001467 (14948-M))

(A Participating Organisation of Bursa Malaysia Securities Berhad)



NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 181.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA (“SC”). THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”).

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offeror (as defined in this Prospectus) of HAILY GROUP BERHAD (“Haily” or the “Company”) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities Holdings Berhad (“TA Securities”), being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on, available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering.

STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing and quotation of our Shares (as defined in this Prospectus) being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the offering, our Company or our Shares.

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

This Prospectus, together with the Application Form (as defined in this Prospectus), will be lodged with the Registrar of Companies who takes no responsibility for its contents. In view of the temporary closure of operation by the Registrar of Companies during the Full MCO 3.0 since 1 June 2021 until 28 June 2021, the Prospectus together with the Application Form will be lodged within 2 weeks after lodgement is able to be made with the Registrar of Companies.

OTHER STATEMENTS

Investors should note that you may seek recourse under Sections 248, 249, and 357 of the CMSA (as defined in this Prospectus) for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the corporation.

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah compliant by the SAC (as defined in this Prospectus). This classification remains valid from the date of issue of the prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Offeror and the Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Offeror and the Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for the offering would result in the contravention of any law of such country or jurisdiction.

Neither we nor our Principal Adviser, Sponsor, Underwriter and Placement Agent nor any other advisers in relation to the offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for the offering would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with by SC are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined in this Prospectus) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House (as defined in this Prospectus), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus, which are identical to the copy of the Prospectus registered by the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution, and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or cost you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms are defined under “Definitions” commencing from page v of this Prospectus.

The indicative timing of events leading to our Listing is set out below:

Events	Tentative Dates
Opening date of Application	10.00 a.m., 30 June 2021
Closing date of Application	5.00 p.m., 7 July 2021
Balloting of Application	12 July 2021
Allotment of the IPO Shares to successful applicants	19 July 2021
Date of Listing	21 July 2021

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia.

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DEFINITIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus:

COMPANIES WITHIN OUR GROUP:

Haily or Company	:	Haily Group Berhad (Registration No. 202001006412 (1362732-T))
Haily Construction	:	Haily Construction Sdn Bhd (Registration No. 200701014672 (772678-X))
Haily Machinery	:	Haily Machinery Sdn Bhd (Registration No. 201101027215 (955350-M))
Haily Group or Group	:	Haily, Haily Construction and Haily Machinery collectively

GENERAL:

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Haily Construction	:	Internal reorganisation exercise undertaken by the Group. To refer to Section 6.2.1.2 this Prospectus for more details
Act	:	Companies Act, 2016 of Malaysia
ADA	:	Authorised Depository Agent
Application	:	Application for the Public Issue Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
Application Form	:	Printed application form for the application of the Public Issue Shares
ATM	:	Automated teller machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application, with respect to payments for our Public Issue Shares
Balloting Shares or Underwritten Shares	:	8,920,000 Public Issue Shares made available for application by the Malaysian Public via balloting
Board	:	Board of Directors of Haily
Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System

DEFINITIONS (CONT'D)

CDS Account	:	Securities account(s) established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CEO	:	Chief executive officer
CFO	:	Chief financial officer
CIDB	:	Construction Industry Development Board Malaysia
CMCO	:	Conditional Movement Control Order
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	The constitution of Haily
COO	:	Chief operating officer
COVID-19	:	Coronavirus disease
Director(s)	:	A director within the meaning of Section 2 of the Act
DOSH	:	Department of Occupational Safety and Health Malaysia
EBITDA	:	Earnings before finance costs and finance income, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Electronic Share Application	:	Application for the Public Issue Shares through a Participating Financial Institution's ATM
Eligible Parties	:	Eligible Directors, employees of our Group and persons who have contributed to the success of our Group
EPS	:	Earnings per Share
Financial Years Under Review	:	FYE 2017, FYE 2018, FYE 2019 and FYE 2020, collectively
FYE	:	Financial year ended/ending 31 December, as the case may be
Full MCO 3.0	:	Three-phase nationwide lockdown announced by the Government on 28 May 2021
Government	:	Government of Malaysia
GP	:	Gross profit
Haily Holdings	:	Haily Holdings Sdn Bhd (Registration No. 201101018650 (946786-V))

DEFINITIONS (CONT'D)

Head Office	:	A single storey detached factory with 3-storey office block at No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor, being the principal place of business of our Group
Haily Shares or Shares	:	Ordinary shares in the share capital of Haily
IMR Report	:	Independent Market Research Report prepared by the IMR
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 16.6 of this Prospectus
Internet Share Application	:	Application for the Public Issue Shares through an online share application service provided by the Internet Participating Financial Institution
IPO	:	Our initial public offering comprising the Public Issue and the Offer for Sale, collectively
IPO Price	:	RM0.68 per IPO Share, being the price payable by investors under the Public Issue and/or the Offer for Sale
IPO Share(s)	:	The Public Issue Shares and the Offer Shares, collectively
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
KMC	:	Kulai Municipal Council
Listing	:	Listing and quotation of the entire enlarged issued share capital of Haily of RM61,929,868 comprising 178,320,700 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	The internal reorganisation exercise (as described in Section 6.2 of this Prospectus), Public Issue, Offer for Sale and Listing, collectively
LPIP Act	:	Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
LPD	:	4 June 2021, being the latest practicable date prior to the issuance of this Prospectus
MACC Act	:	Malaysian Anti-Corruption Commission Act 2009
MAICSA	:	Malaysian Institute of Chartered Secretaries and Administrators
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia but exclude Directors of our Group, our substantial shareholders and persons connected with either of them

DEFINITIONS (CONT'D)

Market Day	:	Any day on which Bursa Securities is open for trading in securities
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement Control Order
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
N/A	:	Not applicable
NBV	:	Net book value(s)
Offer for Sale	:	Offer for sale by the Offeror of the Offer Shares to the selected investors via private placement at the IPO Price, subject to the terms and conditions of this Prospectus
Offer Shares	:	18,000,000 Shares, representing approximately 10.09% of the enlarged share capital of Haily upon our Listing, which are the subject of the Offer for Sale
Offeror	:	Haily Holdings, being the offeror of the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
OSHA	:	Occupational Safety and Health Act 1994
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application, as listed in Section 16.5 of this Prospectus
PAT	:	Profit for the year, representing total comprehensive income for the financial year
Person Connected	:	In relation to any person who falls under any one of the following categories: <ul style="list-style-type: none"> (i) a family member of the said person; (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said person, or a family member of the said person, is the sole beneficiary; (iii) a partner of the said person; (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said person; (v) a person, or whether the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said person is accustomed or is under an obligation, whether formal or informal, to act;

DEFINITIONS (CONT'D)

	(vi)	a body corporate in which the said person, or persons connected with the said person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to the voting shares in the body corporate; or
	(vii)	a body corporate which is a related corporation of the said Person
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocation	:	The allocation of 10,000,000 Public Issue Shares to the Eligible Parties
Pink Form Shares	:	10,000,000 Public Issue Shares made available for application by the Eligible Parties
Placement Shares	:	Collectively, 18,000,000 Offer Shares and 11,080,000 Public Issue Shares available for application by way of private placement to selected investors
Promoters	:	The promoters of Haily, namely Haily Holdings, See Tin Hai and Kik Siew Lee, collectively
Prospectus	:	This Prospectus dated 30 June 2021 in relation to our IPO
Public Issue	:	Public issue of the Public Issue Shares at the IPO Price comprising: <ul style="list-style-type: none"> (i) 8,920,000 Public Issue Shares for application by the Malaysian Public via balloting; (ii) 10,000,000 Public Issue Shares for application by Eligible Parties; and (iii) 11,080,000 Public Issue Shares by way of private placement to selected investors, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	30,000,000 new Shares, representing approximately 16.83% of the enlarged issued share capital of Haily upon our Listing, which are to be issued pursuant to the Public Issue
R&D	:	Research and development
Record of Depositors	:	A record of depositors provided by Bursa Depository to our Company under the Rules
Registrar of Companies	:	The Registrar designated under Section 20A(1) of the Act
Register	:	Means the Register of Members to be kept pursuant to the Act, and unless otherwise expressed to the contrary, includes the Record of Depositors
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMCO	:	Recovery Movement Control Order

DEFINITIONS (CONT'D)

Rules	:	Rules of Bursa Depository
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SME	:	Small and Medium-sized enterprises
SPIKPA	:	Foreign worker hospitalisation & surgical insurance scheme
sq. ft.	:	Square feet
sq. m.	:	Square metre(s)
SST	:	Sales and Services Tax
SICDA	:	Securities Industry (Central Depositories) Act, 1991
TA Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
Underwriting Agreement	:	The underwriting agreement entered into between our Company and our Underwriter on 15 June 2021 for the underwriting of the Balloting Shares upon the terms and subject to the conditions contained therein
Vital Factor or IMR	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T)), our Independent Business and Market Research Consultants

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DEFINITIONS (CONT'D)

PROJECTS:

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|--|---|--|
| 3 SSF Taman Perindustrian Maju Cemerlang Project | : | Refers to the construction of 3 units of single storey factories in Taman Perindustrian Maju Cemerlang, Plentong, Johor |
| 10 SDF Taman Perindustrian Ringan Pulau Project | : | Refers to the construction of 10 units of single storey semi-detached factories in Taman Perindustrian Ringan Pulau, Pulau, Johor |
| 20 CF/SDF Taman Perindustrian Ringan Pulau Project | : | Refers to the construction of 8 units of cluster factories and 12 units of semi-detached factories in Taman Perindustrian Ringan Pulau, Pulau, Johor |
| 24 DSSD Taman Ungku Tun Aminah – Zone 8 Project | : | Refers to the construction of 24 units of 2-storey semi-detached houses in Taman Ungku Tun Aminah, Pulau, Johor |
| 24 SDF Frontier Industrial Park Project | : | Refers to the construction of 24 units of single storey semi-detached factories in Frontier Industrial Park, Plentong, Johor |
| 30 SSSD Taman Ungku Tun Aminah – Zone 9 Project | : | Refers to the construction of 30 units of single storey semi-detached houses in Zone 9, Taman Ungku Tun Aminah, Pulau, Johor |
| 30 SSSD Taman Ungku Tun Aminah – Zone 11D Project | : | Refers to the construction of 30 units of single storey semi-detached houses in Zone 11D, Taman Ungku Tun Aminah, Pulau, Johor |
| 30 TSSD Taman Nusa Sentral Project | : | Refers to the construction of 30 units of 3-storey semi-detached houses in Taman Nusa Sentral, Pulau, Johor |
| 35 TSSL Taman Nusa Sentral Project | : | Refers to the construction of 35 units of 3-storey superlink houses in Taman Nusa Sentral, Pulau, Johor |
| 39 TSSL Taman Nusa Sentral Project | : | Refers to the construction of 39 units of 3-storey superlink houses in Taman Nusa Sentral, Pulau, Johor |
| 66 PKJ Taman Nusa Sentral Project | : | Refers to the construction of 66 units of 2-storey terrace houses under the PKJ scheme in Taman Nusa Sentral, Pulau, Johor |
| 66 TSCH Taman Nusa Sentral Project | : | Refers to the construction of 66 units of 3-storey cluster houses in Taman Nusa Sentral, Pulau, Johor |
| 70 DSSD Taman Impiana Project | : | Refers to the construction of 70 units of 2-storey semi-detached houses in Taman Impiana, Kulai, Johor |
| 90 DSTH Meridin East – Parcel 1D Project | : | Refers to the construction of 90 units of 2-storey terrace houses in Meridin East, Plentong, Johor |
| 93 DSTH St Marco Park (Phase 1) Project | : | Refers to the construction of 93 units of 2-storey terrace houses in Kulai, Johor |

DEFINITIONS (CONT'D)

116 DSTH Meridin East – Parcel 1E Project	:	Refers to the construction of 116 units of 2-storey terrace houses in Meridin East, Plentong, Johor
120 SSTH Bandar Putra Project	:	Refers to the construction of 120 units of single storey terrace houses in Bandar Putra, Senai, Johor
122 DSTH Bandar Putra Project	:	Refers to the construction of 122 units of double storey terrace houses in Bandar Putra, Senai, Johor
128 DSTH Taman Impian Emas Project	:	Refers to the construction of 128 units of 2-storey terrace houses in Taman Impian Emas, Tebrau, Johor
143 RMMJ Taman Nusa Sentral Project	:	Refers to the construction of 143 units of 2-storey terrace house under the Rumah Mampu Milik Johor (RMMJ) scheme in Taman Nusa Sentral, Pulai, Johor
147 DSTV Aurora Sentral Project	:	Refers to the construction of 147 units of double storey terrace villas located in Aurora Sentral, Pulai, Johor
164 DSTH Meridin East – Parcel 1F2 Project	:	Refers to the construction of 164 units of 2-storey terrace houses in Meridin East, Plentong, Johor
174 DSTH St Marco Park (Phase 2) Project	:	Refers to the construction of 174 units of 2-storey terrace houses in Kulai, Johor
182 DSTH Taman Austin Duta Project	:	Refers to the construction of 182 units of 2-storey terrace houses in Taman Austin Duta, Tebrau, Johor
185 DSTH Meridin East – Parcel 1I Project	:	Refers to the construction of 185 units of 2-storey terrace houses in Meridin East, Plentong, Johor
206 DSTH Gelang Patah Project	:	Refers to the construction of 206 units of 2-storey terrace houses located at Gelang Patah, Pontian, Johor
217 DSTH Taman Mutiara Maju Project	:	Refers to the construction of 217 units of 2-storey terrace houses located at Taman Mutiara Maju, Pulai, Johor
236 DSTH Meridin East – Parcel 1H Project	:	Refers to the construction of 236 units of 2-storey terrace houses in Meridin East, Plentong, Johor
264 DSTH Bandar Jaya Putra Project	:	Refers to the construction of 264 units of 2-storey terrace houses in Bandar Jaya Putra, Tebrau, Johor
AME Dormitory Project	:	Refers to the construction of 2 blocks of 5-storey dormitory in Taman Perindustrian I-Park, Kulai, Johor
Aurora Sentral Show House Project	:	Refers to the construction of 2 units of resort villa show houses in Aurora Sentral, Pulai, Johor

DEFINITIONS (CONT'D)

Aurora Sentral Clubhouse Project	:	Refers to the construction of a clubhouse with facilities among others, swimming pool, management office, badminton hall, gymnasium, public toilets and changing room located in Aurora Sentral, Pulai, Johor
Bandar Jaya Putra Project	:	Refers to the construction of 151 units of 3-storey shop offices and 10 units of 4-storey shop offices in Bandar Jaya Putra, Tebrau, Johor
Desa Palma – Refurbishment works Project	:	Refers to the refurbishment works at Desa Palma, Tebrau, Johor
Frontier Dormitory Project	:	Refers to the construction of 2 blocks of 5-storey dormitory in Plentong, Johor
I-Parc Tanjung Pelepas remedial work Project	:	Refers to the remedial works for TNB double chamber substation due to residual soil settlement in I-Parc Tanjung Pelepas, Johor
I-Synergy Business Park Project	:	Refers to the construction of 10 units of 2-storey detached factories in I-Synergy Business Park, Senai, Johor
Indahpura Business Central (Phase 1) Project	:	Refers to the construction of 28 units of 2-storey shop offices and 16 units of 3-storey shop offices in Kulai, Johor
Indahpura Business Central (Phase 2) Project	:	Refers to the construction of 27 units of 2-storey shop offices and 10 units of 3-storey shop offices in Kulai, Johor
Indahpura Business Central (Phase 3) Project	:	Refers to the construction of 14 units of 2-storey shop offices and 15 units of 3-storey shop offices in Kulai, Johor
Meridin East Sales Gallery Project	:	Refers to the construction of sales gallery office in Meridin East, Plentong, Johor
Meridin East Show House – Parcel 1A Project	:	Refers to the construction of 2 units of 2-storey terrace show houses in Meridin East, Plentong, Johor
Meridin East Show House – Parcel 1H Project	:	Refers to the construction of 2 units of 2-storey terrace show houses in Meridin East, Plentong, Johor
Meridin East Show House Project	:	Refers to the construction of 2 units of 2-storey semi-detached show houses in Meridin East, Plentong, Johor
Nusa Duta – Phase 3A1 Project	:	Refer to the construction of 28 units of semi-detached houses in Taman Nusa Duta, Johor Bahru, Johor
Nusa Duta – Phase 4 & 5B1 Project	:	Refers to the construction of 28 units of semi-detached houses and 28 units of detached houses in Taman Nusa Duta, Johor Bahru, Johor

DEFINITIONS (CONT'D)

Project Plentong High Rise Phase 1	:	Refers to the construction of Phase 1 of a high-rise serviced apartment blocks for a commercial development project located at Mukim Plentong
Project Plentong High Rise Phase 2	:	Refers to the construction of Phase 2 of a high-rise serviced apartment blocks for a commercial development project located at Mukim Plentong
Promenade Residence – Underground on-site detention tank Project	:	Refers to the construction of underground on-site detention tank at Promenade Residence in Taman Ungku Tun Aminah, Pulai, Johor
Sierra Perdana Project	:	<p>Refers to the following construction in Sierra Perdana, Plentong, Johor:</p> <ul style="list-style-type: none"> (i) 117 units of 2-storey terrace houses (“Parcel B2”); (ii) show village comprising one (1) unit of single storey terrace house, one (1) unit of 1.5-storey terrace house, four (4) units of 2-storey terrace houses and two (2) units of 2-storey cluster houses (“Show village”); (iii) 126 units of 2-storey terrace houses (“Parcel D2”); (iv) 41 units of 2-storey and one (1) unit of 3-storey shop offices (“Parcel C1”); (v) 86 units of 2-storey and 84 units of 3-storey shop offices (“Parcel C2”); (vi) four (4) units of 2-storey semi-detached houses (“Semi-detached houses”); (vii) 98 units of 2-storey terrace houses (“Parcel B3a”); and (viii) 23 units of 2-storey and 23 units of 3-storey shop offices (“Parcel C5”)
SJK (C) Sim Mow Yu Project	:	Refers to the construction of one block of 3-storey school in Bestari Perdana, Plentong, Johor
Summerscape Johor Bahru Project	:	Refers to the construction of one block of 19-storey apartment in Johor Bahru, Johor
Taman Nusa Sentral – Guardhouse and perimeter fencing Project	:	Refers to the construction of 1 unit of guardhouse and perimeter fencing in Taman Nusa Sentral, Pulai, Johor
Taman Sri Pulai Perdana 2 Project	:	<p>Refers to the following construction in Taman Sri Pulai Perdana 2, Pulai, Johor:</p> <ul style="list-style-type: none"> (i) 110 units of 2-storey terrace houses (“Parcel C”); (ii) Clubhouse equipped with swimming pool facilities (“Clubhouse”); and (iii) 10 units of 2-storey semi-detached houses and 52 units of 2-storey cluster houses (“Cluster and semi-detached houses”)
Taman Ungku Tun Aminah – Zone 12 Project	:	Refers to the construction of 27 units of 2-storey shop offices in Zone 12, Taman Ungku Tun Aminah, Pulai, Johor

DEFINITIONS (CONT'D)

- Taman Ungku Tun Aminah – Zone 13 Project : Refers to the construction of 30 units of 2-storey cluster houses, 56 units of 2-storey terrace houses and refurbishment of 2 units of 2-storey cluster houses in Zone 13, Taman Ungku Tun Aminah, Pulai, Johor
- Tanjung Puteri – Refurbishment and extension Project : Refers to the refurbishment and conversion of existing sales gallery to food court Tanjung Puteri, Johor Bahru
- Tasek Central – Resurfacing works and construction of access road Project : Refers to the resurfacing works for open car park and construction of access road at Tasek Central, Taman Ungku Tun Aminah, Pulai, Johor

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

Building construction	:	Physical construction of buildings and structures which typically includes new works, repairs, additions and alterations as well as erection of prefabricated buildings or structures on the site
Certificate of Fitness or Certificate of Completion and Compliance	:	A Certificate of Fitness or the Certificate of Completion and Compliance is issued by a qualified person being the professional architect or professional engineer or registered building draughtsman who has registered with the Board of Architects Malaysia or Board of Engineers Malaysia as a qualified person acting in the capacity of principal submitting person who submits building plans to the local authority for approval
Certificate of Making Good Defects	:	A Certificate of Making Good Defects is issued to the contractor by the architect that is appointed by the customers at the expiry of the defects liability period when all the defects notified have been made good or have been dealt with. However, it shall not prejudice any other rights in regards to latent defects or other breaches of the building construction contract involved
Certificate of Practical Completion	:	A Certificate of Practical Completion is issued to the contractor by the architect that is appointed by customers after the contractor completed all the required contractual obligations and has given a written undertaking to complete any outstanding work during the defects liability period
CONQUAS	:	Construction Quality Assessment System, a workmanship assessment system developed by Building and Construction Authority Singapore for a quantitative measure of the overall quality of a building's workmanship
Cluster house	:	Residential buildings built relatively close to each other and commonly within a gated and guarded community. Commonly the cluster would include community amenities like swimming pool
Defects liability period	:	A warranty period where a contractor is required to repair or make good defects at their own cost and expenses for defects in the work performed
Formwork	:	Temporary structures made of steel/aluminium/wood materials to serve as moulds for concrete to be poured in
HVAC	:	Heating, ventilation and air conditioning
IBS	:	Industrialised building system

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Industrialised building system : A construction technique where components of buildings such as wall panels and floor slabs are mass-produced in a controlled environment, either at next to the construction site or offsite in a factory, and then transported, positioned and assembled to construct the building with minimal additional concrete works for the building.
- Another form of IBS is to use concrete blocks in place of conventional clay bricks. Such concrete blocks are much larger than conventional bricks and relatively lighter as the centre of the concrete blocks are commonly hollow. Alternatively, autoclave aerated concrete blocks are foam-like concrete blocks with small holes scattered throughout the block, thus making it much lighter compared to a solid block. As the concrete blocks are larger and relatively lighter, construction can be completed faster
- ISO : International Organisation for Standardisation
- LAD : Liquidated and ascertained damages
- M&E : Mechanical and electrical
- Main contractor : A person or a firm appointed by the property developer or building owner and is generally responsible for overseeing and completing the entire construction job. The main contractor may engage subcontractors to carry out a certain portion of the construction work. The property developer or owner may sometimes appoint their preferred subcontractors especially for specialised works such as foundation works or suppliers for building materials
- Multi-dwelling building : A block or unit of residential building owned by two or more entities. Examples of multi-dwelling buildings include townhouse, flats, apartments and condominiums
- QLASSIC : Quality Assessment System in Construction, a system or method to measure and evaluate the workmanship quality of a building construction work by CIDB based on Construction Industry Standard (CIS7:2006). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
- Residential building : Buildings intended for human habitation. Examples include apartments, condominiums, detached houses, link houses, flats, semi-detached houses, terraced houses and townhouses
- Serviced apartment : High rise multi dwelling building on commercial land operated similar to a hotel that is used by fee paying guests for short, medium or long term stay. It is also common that such buildings are used as residential apartments or condominiums for permanent stay by the owners or leased out to tenants
- SHASSIC : Safety and Health Assessment System in Construction, conducted by CIDB, is a new independent method to assess and evaluate the safety and health performance of a contractor in construction works/projects

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Single dwelling building : A single unit of residential building owned by one entity. Examples of single dwelling buildings are terrace houses, cluster houses, semi-detached houses or detached houses
- Subcontractor : A person or a firm appointed by the property developer, building owner or main contractor to carry out a certain portion of a construction project
- Substructure : The bottom part of a building or structure below the ground level which comprises the foundation including piles, retaining walls and basements
- Superstructure : The building or structure above the ground level

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under “Definitions” commencing from page v.

All references to “Haily” and the “Company” in this Prospectus are to Haily Group Berhad (Registration No. 202001006412 (1362732-T)). Unless otherwise stated, references to “Group” are to our Company and our subsidiaries taken as a whole; and references “we”, “us”, “our” and “ourselves” are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or 2 decimal places (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” appearing before this section. Word denoting singular shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All references to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, where no source is stated, such information can be assumed to originate from us.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) Demand for our products and services;
- (ii) Our business strategies;
- (iii) Our future plans;
- (iv) Our financial position;
- (v) Our future earnings, cash flows and liquidity; and
- (vi) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) The economic, political and investment environment in Malaysia and globally; and
- (ii) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 7.17. – Interruptions to business and operations, Section 9. - Risk factors and Section 12.3. - Management's discussion and analysis of financial condition and results of operations of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Address	Nationality
Mohd Jaffar Bin Awang (Ismail) (M)	<i>Independent Non-Executive Chairman</i>	No. 17, Jalan Straits View Tiga, 80200 Johor Bahru, Johor	Malaysian
See Tin Hai (M)	<i>Executive Director</i>	No. 15, Jalan Duta 3/10, Duta 3, Taman Nusa Duta, 79150 Iskandar Puteri, Johor	Malaysian
Yoong Woei Yeh (M)	<i>CEO/ Executive Director</i>	No. 13, Jalan Duta 3/10, Duta 3, Taman Nusa Duta, 79150 Iskandar Puteri, Johor	Malaysian
See Swee Ling (F)	<i>Executive Director</i>	No. 13, Jalan Duta 3/10, Duta 3, Taman Nusa Duta, 79150 Iskandar Puteri, Johor	Malaysian
Tan Sui Huat (M)	<i>Senior Independent Non-Executive Director</i>	No. 1, Jalan Jingga 4, Taman Pelangi, 80400 Johor Bahru, Johor	Malaysian
Ong Kheng Swee (M)	<i>Independent Non-Executive Director</i>	No. 12, Jalan Jingga 3, Taman Pelangi, 80400 Johor Bahru, Johor	Malaysian

Notes:*M refers to male**F refers to female***AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Mohd Jaffar Bin Awang (Ismail)	Member	Independent Non-Executive Chairman

REMUNERATION COMMITTEE

Name	Designation	Directorship
Mohd Jaffar Bin Awang (Ismail)	Chairman	Independent Non-Executive Chairman
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Tan Sui Huat	Chairman	Senior Independent Non-Executive Director
Mohd Jaffar Bin Awang (Ismail)	Member	Independent Non-Executive Chairman
Ong Kheng Swee	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES : Irene Juay Yee Luan
Suite 5.11 & 5.12, 5th Floor, Menara TJB
No. 9, Jalan Syed Mohd. Mufti
80000 Johor Bahru, Johor

Professional Qualification : Chartered Secretary, Associate of the
Institute of Chartered Secretaries and
Administrators

MAICSA Membership No. : MAICSA 7057249

SSM Practicing Certificate No. : 202008001193

Hew Jing Sian
Suite 5.11 & 5.12, 5th Floor, Menara TJB
No. 9, Jalan Syed Mohd. Mufti
80000 Johor Bahru, Johor

Professional Qualification : Chartered Secretary, Associate of the
Institute of Chartered Secretaries and
Administrators

MAICSA Membership No. : MAICSA 7065968

SSM Practicing Certificate No. : 202008001325

Tel No. : +607-224 2823
Fax No. : +607-223 0229

REGISTERED OFFICE : Suite 5.11 & 5.12, 5th Floor, Menara TJB
No. 9, Jalan Syed Mohd. Mufti
80000 Johor Bahru, Johor

Tel No. : +607-224 2823
Fax No. : +607-223 0229

HEAD OFFICE : No. 3339, Jalan Pekeliling Tanjung 27
Kawasan Perindustrian Indahpura
81000 Kulai, Johor

Tel No. : +607-660 9888
Fax No. : +607-663 8866
Email : corporate@haily.com.my
Website : www.haily.my

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1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	:	Baker Tilly Monteiro Heng PLT Firm No.: 201906000600 (LLP0019411-LCA) & AF0117 Baker Tilly Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur, Malaysia
		Partner-in-charge : Dato' Lock Peng Kuan
		Approval No. : 02819/10/2022 J
		Professional Qualification : Chartered Accountant, Malaysian Institute of Accountants (MIA) and Fellow Member of the Association of Chartered Certified Accountants (FCCA)
		Tel No. : +603-2297 1000
		Fax No. : +603-2282 9980
SOLICITORS FOR OUR IPO	:	David Lai & Tan Level 8-3 & 8-4, Wisma Miramas No. 1, Jalan 2/109E Taman Desa, Jalan Klang Lama 58100 Kuala Lumpur
		Tel No. : +603-7972 7968
		Fax No. : +603-7972 7967
ISSUING HOUSE & SHARE REGISTRAR	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur
		Tel No. : +603-2783 9299
		Fax No. : +603-2783 9222

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1. CORPORATE DIRECTORY (CONT'D)

- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : **Vital Factor Consulting Sdn Bhd**
V Square @ PJ City Centre (VSQ)
Block 6 Level 6
Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
- Person-in-charge : Wooi Tan
Qualification : Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australia Marketing Institute, and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management)
- Tel No. : +603-7931 3188
Fax No. : +603-7931 2188
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **TA Securities Holdings Berhad**
29th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
- Tel No. : +603-2072 1277
Fax No. : +603-2161 2693
- SOLICITORS TO OUR PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **Azman Davidson & Co**
Suite 13.03, 13th Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur
- Tel No. : +603-2164 0200
Fax No. : +603-2164 0280
- LISTING SOUGHT** : ACE Market
- SHARIAH STATUS** : Approved by the SAC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 9 April 2021, approved our admission to the Official List and the listing and quotation of our entire enlarged issued share capital comprising 178,320,700 Shares on the ACE Market (“Listing Approval”).

The Listing Approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
(1)	Submission of the following information with respect to the moratorium on the shareholdings of the Promoter to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares. 	To be complied before Listing.
(2)	Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied.
(3)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied before Listing.
(4)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire enlarged issued share capital of Haily on the first day of listing;	To be complied upon Listing.
(5)	Ensure any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to the listing of the Company;	Complied.
(6)	In relation to the public offering to be undertaken by Haily, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche in the format prescribed; and (iv) Disclosure of placees who become substantial shareholders of Haily arising from the public offering, if any. Please be reminded that the overall distribution of the Company’s securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied before Listing.
(7)	Haily/ TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of Haily to the Official List of the ACE Market.	To be complied upon Listing.

2. APPROVALS AND CONDITIONS (CONT'D)**2.1.2 SC**

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated 7 May 2021, approved the resultant equity structure of Haily under the equity requirements for public listed companies pursuant to the Listing, subject to the following:

Details of condition imposed	Status of compliance
Haily allocating shares equivalent to at least 12.5% of its enlarged number of issued shares at the point of the Listing to Bumiputera investors. This includes the shares to be issued under the balloted public issue portion, of which at least 50% are to be offered to the Bumiputera public investors.	To be complied upon Listing.

The effects of the Listing on the equity structure are as follows:

Category of shareholders	As at 4 September 2020		After the Listing	
	No. of Shares	% of number of issued shares	No. of Shares	% of enlarged number of issued share
Bumiputera				
- Malaysian public via balloting	-	-	4,500,000	2.52
- Bumiputera investors approved by MITI	-	-	17,800,000	9.98
Total Bumiputera	-	-	22,300,000	12.50
Non-Bumiputera	148,320,700	100.00	156,020,700	87.50
Malaysians	148,320,700	100.00	178,320,700	100.00
Foreigners	-	-	-	-
Total	148,320,700	100.00	178,320,700	100.00

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2. APPROVALS AND CONDITIONS (CONT'D)

2.1.3 SAC

The SAC had, vide its letter dated 27 May 2021 classified our securities as shariah-compliant based on our audited financial statements for the FYE 2020.

2.1.4 MITI

MITI had vide its letter dated 9 November 2020, taken note of and has no objection to our Listing on the ACE Market.

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2. APPROVALS AND CONDITIONS (CONT'D)**2.2 MORATORIUM ON OUR SHARES**

The Promoters have provided written undertakings to Bursa Securities that they will not sell, transfer or assign their shareholdings under moratorium during the 6 months from the date of Listing in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

The details of our Shares held by our Promoters which will be subject to moratorium are as follows:

Promoters	No. of Shares	%
Haily Holdings ⁽¹⁾	130,320,700	73.08
See Tin Hai	-	-
Kik Siew Lee	-	-
Total	130,320,700	73.08

Note:

(1) *The shareholders of Haily Holdings and their shareholdings are as follows:*

	No. of shares	% of shareholdings in Haily Holdings
<i>See Tin Hai</i>	<i>1,200,001</i>	<i>80.00</i>
<i>Kik Siew Lee</i>	<i>300,001</i>	<i>20.00</i>
	<i>1,500,002</i>	<i>100.00</i>

The moratorium has been fully accepted by the Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes such restrictions.

In accordance with Rule 3.19(2) of the Listing Requirements, where the promoter or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the requisite moratorium period.

In compliance with Rule 3.19(2) of the Listing Requirements, the ultimate shareholders of Haily Holdings namely, See Tin Hai and Kik Siew Lee have undertaken not to sell, transfer or assign their shareholdings in Haily Holdings during the moratorium period.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

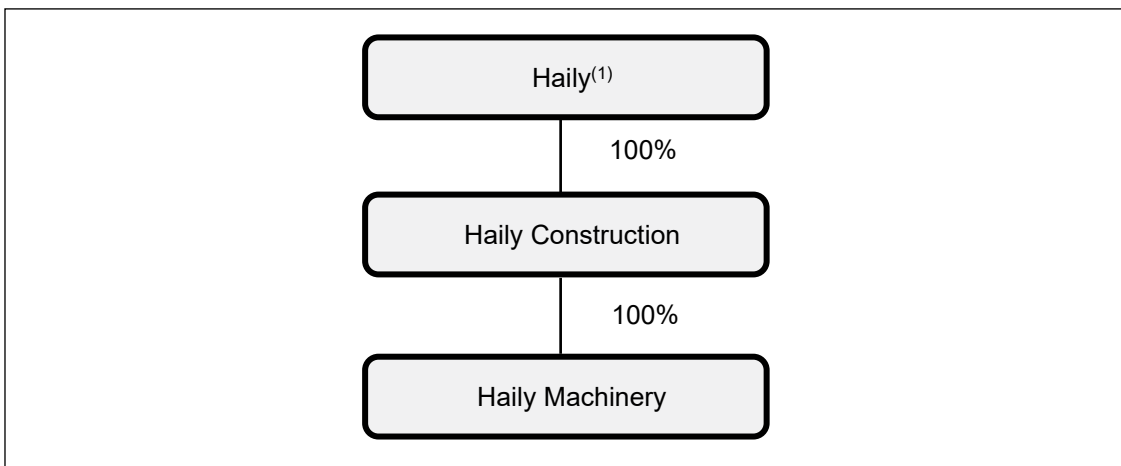
3.1 OUR GROUP STRUCTURE AND BUSINESS MODEL

We were incorporated in Malaysia under the Act on 21 February 2020 as a private limited company under the name of Haily Group Sdn Bhd. Subsequently on 25 August 2020, our Company was converted to a public limited company to embark on the Listing of our Group on the ACE Market.

Haily's principal activity is investment holding. Our Group's principal business activities include:

- building construction of residential and non-residential buildings; and
- provision of rental of construction machinery.

As at the LPD, our Group structure are as set out below:



Note:

(1) Upon the Listing, Haily will be listed on the ACE Market.

Further details of our Group structure including shareholding structure after the internal reorganisation exercise can be found in Section 6.3 of this Prospectus. As at the date of this Prospectus, our Company does not have any associated companies. Further details of our subsidiaries are set out in Section 6.5 of this Prospectus.

We are principally a main contractor involved in the construction of residential and non-residential buildings in the Southern Region of Peninsular Malaysia, in particular, Johor. Residential buildings include among others, single-dwelling buildings including terrace, cluster, semi-detached and detached houses and multi-dwelling buildings, namely high-rise apartments. Non-residential buildings include among others, commercial buildings including commercial complex, shop offices, serviced apartments, terrace villas, purpose-built buildings including workers' dormitory, sales gallery, clubhouse, industrial buildings including factories and institutional building namely a school.

3. PROSPECTUS SUMMARY (CONT'D)

We have accumulated a track record of approximately 13 years in undertaking projects construction works since our commencement of building construction in 2008. As a building construction contractor, we are responsible for the overall project including project management from planning, appointment of subcontractors, procurement of labour and materials, and monitoring all stages of construction works to ensure the completion of works and up to project handover to customer. In this respect, the revenue from building construction accounted for 99.05%, 99.15%, 99.21% and 98.64% of our total Group revenue for FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively. Less than 1.50% of our revenue was derived from civil engineering construction works and rental of machinery and equipment for the Financial Years Under Review.

As at 10 June 2021, the total secured contract value of our on-going projects was RM460.04 million, including residential single dwelling building and non-residential, namely shop office, workers' dormitory, terrace villas, clubhouse and school construction projects and civil engineering construction projects. These projects are expected to be completed progressively between 2021 and 2023.

Further information on our Group's history, awards and recognitions and business overview are set out in Sections 7.1, 7.2 and 7.3 of this Prospectus, respectively.

3.2 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTH

Our Group's competitive advantages and key strengths, which are further detailed in Section 7.4 of this Prospectus, are set out below:

- (i) We have an established track record as an experienced building contractor in Johor. This is demonstrated by the fact that we have completed approximately 65 building construction projects with a total contract value of RM1.29 billion since 2008. As a main contractor, we are responsible for the full scope of building construction, spanning across residential single and multi-dwelling buildings, and non-residential buildings include purpose-built, commercial, industrial and institutional buildings;
- (ii) Our proven track record in our quality is also demonstrated by our ability to maintain repeat customers since 2008. We continue to secure projects from repeat customers, among others, including subsidiaries of public listed companies and other private companies;
- (iii) We can carry out building construction projects as a main contractor and principally involved in the construction of residential and non-residential buildings. We are registered as a Grade 7 contractor with CIDB which allows us to bid and carry out any size of building construction projects irrespective of the contract value;
- (iv) We have an experienced management team headed by our CEO and Executive Director, Yoong Woei Yeh, our Promoter, founder and Executive Director, See Tin Hai, all of whom have experience in the building construction industry; and
- (v) As at 10 June 2021, we have 18 on-going building construction projects and 2 civil engineering related construction projects with a total secured contract value and unbilled contract value of RM460.04 million and RM249.58 million respectively to sustain us at least for near term and the secured projects will assure business sustainability while we continue to replenish and enlarge our order book to provide business growth.

3. PROSPECTUS SUMMARY (CONT'D)

3.3 OUR BUSINESS STRATEGIES AND PLANS

Our Group's business strategies are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objective, we will implement the following business strategies over a period of 18 to 24 months from our Listing:

- (i) We will continue to focus on our core competency in building construction in Johor by leveraging on our experience and extend our reach to other districts in Johor. Our plan is to expand into industrial building construction to address opportunities provided by economic developments in Johor and to focus on our core competency in residential building construction by expanding our business mainly from Johor Bahru and Kulai districts into other districts in Johor; and
- (ii) We plan to purchase additional construction machinery and equipment mainly to facilitate better scheduling of our construction work when the projects require concurrent usage and in anticipation of future growth.

Please refer to Section 7.23 of this Prospectus for further information on our business strategies and plans.

3.4 RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS WHICH MAY HAVE MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

The following is a summary of the key risks relating to the business and operations of our Group that we are currently facing or that may develop in the future:

- (i) Our business requires us to obtain and hold CIDB certificate of registration for our business operations and comply with the restriction and conditions imposed by the government authorities to keep such registration. The failure to procure this certificate or comply with the applicable requirements or any required conditions imposed therein to keep the registration may result in our registration being suspended or revoked which could significantly hinder our business;
- (ii) The continuity of our order book is not assured as the nature of our building construction business is project-based. There is no assurance that we are able to continuously secure new projects, nor any assurance that new projects secured will be on commercial terms favourable to our Group. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential and future financial performance;
- (iii) Our contracts may be subject to early termination in the event of, amongst others, suspension of works, our persistent failure to comply with the architect's instruction or the terms and conditions contained in the contracts, failure for payment of our works as per the payment schedule and in the situations of insolvency faced by our customers. We may also be susceptible to the further risks of legal claims, liabilities and compensation to our customers if the termination is caused by us;
- (iv) Our business and financial performance may be affected if there are delays in completion of projects. The timely completion of the projects undertaken by the Group is dependent on many external factors inherent in the construction industry and such adverse developments can lead to interruptions or delays in completing a project and subsequently may result in our customers imposing liquidated damages against us;

3. PROSPECTUS SUMMARY (CONT'D)

- (v) The occurrence of a contagious disease or any other serious public health concerns in Malaysia could affect the Group's business, financial condition, results of operations, performance and prospects. There have been various movement control orders imposed by the Government to curb the spread of COVID-19 where the initial MCO implemented from 18 March 2020 till 3 May 2020 and the imposition of Full MCO 3.0 from 1 June 2021 to 28 June 2021 resulted in temporary suspension of our construction works.

For the initial MCO, our construction activities were temporarily halted and this caused delay in the timeline for certain projects. We have applied for an extension of time ("EOT") from our customers for such projects. As at the LPD, we received written confirmations for EOT for 13 out of 14 of our completed and on-going building construction projects from our customers or architects for our completed and on-going contracts that have been delayed by the work stoppages and slowdown during the MCO and CMCO periods.

With the suspension of on-site construction activities during the first phase of the Full MCO 3.0 from 1 June 2021 to 14 June 2021 which was further extended to 28 June 2021, our Board is of the view that this will affect the progress of our on-going projects. While we will request for extension of time for completion of projects, this may result in delays in our billings and would materially affect our financial performance for FYE 2021. We have on 2 June 2021 submitted our application to MITI for resumption of works which is still pending approval as at the LPD. Any subsequent decision from MITI will be issued via announcement(s) on Bursa Securities.

As such, we are unable to provide assurance that our construction activities will not be affected, and the property market's demand will be resumed to the level prior to the outbreak of COVID-19. Our Group's financial performance may be affected due to the impact of the Full MCO 3.0 and/or any prolonged MCO conditions which may thereafter affect the schedule of delivery as agreed between our Group with our customers. Please refer to Section 7.17 of this Prospectus for further details;

- (vi) We are subject to the risk of defects liability claims from our customers. We are liable for any repair work, reconstruction or rectification of any defects which may surface or be identified during defects liability period at our own costs. In the event such defects are material, our business and financial performance will be materially and adversely affected;
- (vii) We are dependent on certain major customers. During the Financial Years Under Review, certain of our major customers had contributed substantially to our consolidated revenue for the Financial Years Under Review. As a result of our dependency on certain of our major customers, we are exposed to the risks that such customers may cease to contract with us in the future or non-payment by such major customers. Our financial performance may be materially and adversely affected if we were to lose one or more of our major customers (or reduce the level of services provided to them) without capturing new customers to replace the loss of business, or if we were to encounter difficulties in collecting payments from these major customers, or if the development projects undertaken by our major customers are delayed or terminated;
- (viii) Our Group is exposed to geographical concentration. While we believe that there are still significant opportunities to grow our construction business in the state of Johor, we may be exposed to a slowdown in our target market in the state of Johor. Further, although we intend to expand our coverage to reach other districts in Johor, there is no assurance that our new venture will be profitable and contribute to the growth of our construction business; and

3. PROSPECTUS SUMMARY (CONT'D)

- (ix) We are dependent on labour supply and if we are unable to obtain an adequate supply of workers for any reason including if there are any changes in Government policy on foreign labour intake and conditions, our Group may face difficulty in maintaining sufficient workforce for our operations. This will in turn affect our ability to meet our delivery schedules and may result in delay of completion of our projects and subject us to the risk of liquidated damages claims from our customers.

Please refer to Section 9 of this Prospectus for further details and full list of our risk factors which should be carefully considered before investing in our Shares.

3.5 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management, whose profiles are set out in Section 5 of this Prospectus, are as follows:

Name	Designation	Nationality
Directors		
Mohd Jaffar Bin Awang (Ismail)	Independent Non-Executive Chairman	Malaysian
See Tin Hai	Executive Director	Malaysian
Yoong Woei Yeh	CEO/ Executive Director	Malaysian
See Swee Ling	Executive Director	Malaysian
Tan Sui Huat	Senior Independent Non-Executive Director	Malaysian
Ong Kheng Swee	Independent Non-Executive Director	Malaysian
Key Senior Management		
Long Cheow Siong	CFO	Malaysian
Lim Kok Siang	COO	Malaysian

Details of our Board practices, including our plans to adopt the following practices set out under the MCGG subsequent to our Listing are set out in Section 5.3 of this Prospectus:

- (a) Practice 1.4, where the Chairman of the Board should not be a member of the Audit Committee, Nominating Committee or Remuneration Committee; and
- (b) Practice 5.9, where the Board comprises at least 30% women directors.

3.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

3.6.1 Details of our Promoters and Substantial Shareholders

Our Promoters and substantial shareholders, whose profiles are set out in Section 5.1.2 of this Prospectus, are as follows:

Promoters and substantial shareholders	Country of incorporation/ Nationality
Haily Holdings	Malaysia
See Tin Hai	Malaysian
Kik Siew Lee	Malaysian

3. PROSPECTUS SUMMARY (CONT'D)**3.7 FINANCIAL AND OPERATIONAL HIGHLIGHTS**

The table below sets out a summary of our Group's key financial and operational highlights based on our Group's historical audited financial information for the Financial Years Under Review:

	AUDITED			
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000
Revenue	121,832	173,787	157,918	166,132
GP	23,519	22,168	22,937	27,484
PBT	16,606	11,941	11,930	14,503
PAT	12,591	8,487	8,886	10,444
Profit attributable to owners of the Group	12,549	8,445	8,856	10,444
GP margin (%)	19.30	12.76	14.52	16.54
PBT margin (%)	13.63	6.87	7.55	8.73
PAT margin (%)	10.33	4.88	5.63	6.29
Number of Shares assumed in issue ('000) ⁽¹⁾	178,321	178,321	178,321	178,321
Basic/ diluted EPS (sen) ⁽²⁾	7.04	4.74	4.97	5.86
<u>Other selected financial information</u>				
Non-current assets	7,627	7,721	3,899	6,052
Current assets	95,126	98,736	110,308	130,743
Total assets	102,753	106,457	114,207	136,795
Non-current liabilities	2,622	2,282	1,433	1,289
Current liabilities	62,026	62,833	68,744	83,532
Total liabilities	64,648	65,115	70,177	84,821
NA attributable to owners of the Group	37,982	41,177	44,030	51,974
Invested equity ⁽³⁾	1,500	1,500	1,500	41,530
Retained earnings	36,482	39,677	42,530	50,474
Non-controlling interest	123	165	-	-
Statement of cash flows:				
Net cash flows from operating activities	8,479	6,139	8,840	8,662
Net cash flows from/(used in) investing activities	10,857	(480)	4,518	(2,826)
Net cash flows used in financing activities	(12,526)	(4,989)	(8,149)	(3,868)
Net increase in cash and cash equivalents	6,810	670	5,209	1,968
Cash and cash equivalents at the beginning of the financial year	6,658	13,468	14,138	19,347
Cash and cash equivalents at the end of the financial year	13,468	14,138	19,347	21,315

Notes:

- (1) Assumed number of ordinary shares in issue in Haily after our IPO.
(2) Computed based on PAT divided by our enlarged number of Shares in issue after our IPO. The diluted EPS is equal to the basic EPS as the Company does not have any outstanding convertible securities at the end of the financial year.
(3) Equivalent to issued share capital.

Please refer to Section 12.1 of this Prospectus for further information relating to our Group's historical audited financial information which comprise of:

- (i) the combined statements of financial position as at 31 December 2017, 31 December 2018 and 31 December 2019, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended; and

3. PROSPECTUS SUMMARY (CONT'D)

- (ii) the consolidated statements of financial position as at 31 December 2020, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial year then ended.

3.8 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Board will consider various factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends. The factors are the level of cash and level of indebtedness, required and expected interest expense, cash flows, profits, return on equity and retained earnings, our expected results of operations and future level of operations, and our projected levels of capital expenditure and other investment plans.

Dividends declared and distributed by our Group to our shareholders for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020 were RM10.01 million, RM5.25 million, RM6.00 million and RM2.50 million respectively. Please refer to Note 24 of the Accountants' Report set out in Section 13 of this Prospectus for further details.

Subject to the above and the factors outlined in Section 12.9 of this Prospectus, our Board has an intention to recommend and distribute dividends of at least 30% of our annual profits attributable to our shareholders upon completion of our Listing. However, it is not a legally binding obligation/ guaranteed commitment to the shareholders.

Kindly refer to Section 9.3 of this Prospectus for risk relating to investments in our Shares and Section 12.9 of this Prospectus for detailed information on our dividend policy.

3.9 SALIENT INFORMATION ON OUR IPO**3.9.1 Allocation**

Our IPO is subject to the terms and conditions of this Prospectus and the allocation of the IPO Shares shall be in the following manner:

Allocation	Public Issue Shares	%⁽¹⁾	Offer Shares	%⁽¹⁾
Public Issue				
- Placement Shares	11,080,000	6.22	-	-
- Balloting Shares	8,920,000	5.00	-	-
- Pink Form Shares	10,000,000	5.61	-	-
Offer for Sale				
- Placement Shares	-	-	18,000,000	10.09
Total	30,000,000	16.83	18,000,000	10.09

Note:

(1) Based on our enlarged issued share capital of 178,320,700 Shares after our IPO.

Please refer to Section 4.3 of this Prospectus for further details of our IPO.

3. PROSPECTUS SUMMARY (CONT'D)**3.9.2 Principal Statistics of our IPO**

The principal statistics of our IPO are as follows:

	Number of Shares	RM
Share capital		
- Issued share capital as at the date of this Prospectus	148,320,700	41,529,868
- Shares to be issued pursuant to the Public Issue	30,000,000	20,400,000
Enlarged share capital upon Listing	178,320,700	61,929,868
IPO Price for each IPO Share		0.68
Market capitalisation of our Company based on the IPO Price upon Listing		121,258,076
Pro forma NA based on our Pro Forma Consolidated Statements of Financial Position as at 31 December 2020		
- Pro forma NA upon Listing ⁽¹⁾		70,189,818
- Pro forma NA per Share upon Listing ⁽²⁾		0.39

Notes:

- (1) After taking into account our Public Issue of 30,000,000 new Shares at the IPO Price and after utilisation of proceeds from our Public Issue.
- (2) Based on our enlarged share capital upon Listing of 178,320,700 Shares and after deducting the remaining listing expenses to be incurred of approximately RM1.68 million.

Please refer to Section 4.4 of this Prospectus for further details of our share capital.

3.10 USE OF PROCEEDS

We expect to raise gross proceeds from the Public Issue of RM20.40 million and intend to use the proceeds in the following manner:

No.	Details of utilisation	Estimated time frame for utilisation upon Listing	%	RM'000
(1)	Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	Within 24 months	20.59	4,200
(2)	Working capital for our construction projects	Within 24 months	29.41	6,000
(3)	Repayment of bank borrowings	Within 3 months	34.31	7,000
(4)	Estimated listing expenses	Within 3 months	15.69	3,200
Gross proceeds			100.00	20,400

There is no minimum subscription in terms of the proceeds to be raised from the IPO by our Company. Further details of the use of proceeds arising from the Public Issue are set out in Section 4.7 of this Prospectus.

The Offer for Sale will raise gross proceeds of RM12.24 million which will accrue entirely to the Offeror. Further details of the use of proceeds arising from the Public Issue are set out in Section 4.7 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.11 INTERRUPTIONS TO BUSINESS AND OPERATIONS

We have experienced interruptions to our business due to the imposition of MCO by the Government from 18 March 2020 till 4 May 2020 and the Full MCO 3.0 which commenced on 1 June 2021 and further extended to 28 June 2021 to curb the spread of COVID-19 pandemic in Malaysia.

Upon the resumption of full operations on 18 May 2020, we continued to operate according to guidelines and SOP during the impositions of various MCO measures including CMCO and RMCO in 2020 and up to 1 June 2021. Under the Full MCO 3.0, the construction industry was not regarded as an essential service. In this respect, all our on-site construction activities are suspended.

Covid-19 Pandemic

The World Health Organisation declared the coronavirus disease (COVID-19) a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 in the country, commencing from 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. Our business operations in Malaysia were temporarily interrupted by these measures.

Nevertheless, as a result of the implementation of the various MCO measures in 2020 up to 1 June 2021:

- (i) our on-going projects were delayed due to the COVID-19 pandemic that resulted in the suspension and slowdown of work during the MCO and CMCO periods and we have sought extensions of time of such projects;
- (ii) our financial performance was affected due to the delays in billings because of the temporary suspension of on-site construction activities;
- (iii) we have adhered to the standard operating procedures as specified by the relevant authorities; and
- (iv) Malaysia's economy was affected including reduced or delayed demand in the building construction industry.

Under the Full MCO 3.0, the construction industry was not regarded as an essential service. In this respect, all our on-site construction activities are suspended. Nevertheless, we noted that this is a temporary condition and we have on 2 June 2021 submitted our application to MITI for resumption of works which is still pending approval as at the LPD. Any subsequent decision from MITI will be issued via announcement(s) on Bursa Securities.

Nevertheless, our Group is of the view that COVID-19 pandemic will not have a material adverse impact on our prospects in Malaysia in the long run. This view takes into consideration the gradual recovery of Malaysia's economy in the second half of 2020 underpinned by key growth drivers including continued improvement in global growth, trade and technology cycle, reopening of the domestic economy, improvement in income prospects and sentiments to support consumer spending, and stimulus measures including fiscal, monetary and financial.

Please refer to Section 7.17 of this Prospectus for further details.

4. DETAILS OF OUR IPO

This Prospectus is dated 30 June 2021. Our IPO is subject to the terms and conditions of this Prospectus.

This Prospectus has been registered by the SC. This Prospectus, together with Application Form will be lodged with the Registrar of Companies. In view of the temporary closure of operation by the Registrar of Companies during the Full MCO 3.0 since 1 June 2021 until 28 June 2021, the Prospectus together with the Application Form will be lodged within 2 weeks after lodgement is able to be made with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for its contents.

Our Company has obtained the approval from Bursa Securities vide its letter dated 9 April 2021, for, among others, our admission to the Official List of the ACE Market and for the listing and quotation of all our entire enlarged issued share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, all monies paid in respect of all Applications will be returned in full without interest. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely on the information contained in this Prospectus and/or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to any circumstances in which such offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with TA Securities as our Principal Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. DETAILS OF OUR IPO (CONT'D)

You must have a CDS account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA prior making an application for our IPO Shares. Please refer to Section 16 of this Prospectus for further details on the procedures for application for our IPO Shares.

If you are an individual with a CDS account, you may make an Application by way of Electronic Share Application and you are required to furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS account and an existing account for the internet financial services of an Internet Participating Financial Institution, you can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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4. DETAILS OF OUR IPO (CONT'D)

4.1 OPENING AND CLOSING OF APPLICATION

The application for the IPO Shares will open at 10.00 a.m. on 30 June 2021 and will remain open until 5.00 p.m. on 7 July 2021. **Late applications will not be accepted.**

4.2 INDICATIVE TIMETABLE

Events	Tentative dates
Opening date of Application	10.00 a.m., 30 June 2021
Closing date of Application	5.00 p.m., 7 July 2021
Balloting of Applications	12 July 2021
Allotment of the IPO Shares to successful applicants	19 July 2021
Date of Listing	21 July 2021

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia newspapers in Malaysia.

4.3 PARTICULARS OF THE IPO

4.3.1 Public Issue

A total of 30,000,000 Public Issue Shares, representing approximately 16.83% of our enlarged issued share capital are offered at our IPO Price and are payable in full upon application. The Public Issue Shares will be offered in the following manner:

(i) Malaysian Public via balloting

8,920,000 Public Issue Shares, representing approximately 5.00% of our enlarged issued share capital, will be offered to the Malaysian Public by way of balloting, of which at least 50% will be set aside for Bumiputera investors.

In this respect, 4,500,000 Public Issue Shares representing 2.52% of our enlarged issued share capital will be set aside for Bumiputera investors.

(ii) Eligible Directors and employees of our Group and persons who have contributed to the success of our Group

10,000,000 Public Issue Shares, representing approximately 5.61% of our enlarged issued share capital, will be reserved for the Eligible Parties under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2 of this Prospectus.

(iii) Selected investors by way of private placement

11,080,000 Public Issue Shares, representing approximately 6.22% of our enlarged issued share capital to be allotted via private placement as follows:

- a) 5,100,000 Public Issue Shares, representing approximately 2.86% of our enlarged issued share capital to selected Bumiputera investors approved by MITI; and
- b) 5,980,000 Public Issue Shares, representing approximately 3.36% of our enlarged issued share capital to selected investors.

4. DETAILS OF OUR IPO (CONT'D)**4.3.2 Pink Form Allocations**

We have allocated 10,000,000 Public Issue Shares to the Eligible Parties under the Pink Form allocations as follows:

	Number of persons	Aggregate number of Shares allocated
Directors of Haily ⁽¹⁾	5	1,300,000
Eligible employees of our Group ⁽²⁾	96	1,700,000
Persons who have contributed to the success of our Group ⁽³⁾	99	7,000,000
Total	200	10,000,000

Notes:

- (1) *The criteria of allocation to our eligible Directors are based on among others, their respective roles and responsibilities in our Group.*
- (2) *The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, among others the following:*
- (i) *The employee must be a full-time employee and on the payroll of our Group; and*
- (ii) *The number of Public Issue Shares allocated to the eligible employees is based on their position, their length of service, their past contribution to our Group's success and potential contribution to our Group in the future.*
- (3) *The Public Issue Shares are allocated to persons who have contributed to the success of our Group (e.g., our suppliers and subcontractors). They are selected based on their contribution as well as support to the growth of our Group, as approved by our Board.*

The above allocation is subject to the Eligible Parties subscribing to their respective allocations.

The number of Pink Form Shares to be allocated to our Directors are as follows:

Name	Designation	Number of Pink Form Shares allocated
Mohd Jaffar Bin Awang (Ismail)	Independent Non-Executive Chairman	100,000
Yoong Woei Yeh	CEO/ Executive Director	500,000
See Swee Ling	Executive Director	500,000
Tan Sui Huat	Senior Independent Non-Executive Director	100,000
Ong Kheng Swee	Independent Non-Executive Director	100,000
Total		1,300,000

The number of Pink Form Shares to be allocated to our key senior management are as follows:

Name	Designation	Number of Pink Form Shares allocated
Long Cheow Siong	CFO	120,000
Lim Kok Siang	COO	200,000
Total		320,000

4. DETAILS OF OUR IPO (CONT'D)

4.3.3 Offer for Sale

A total of 18,000,000 Offer Shares, representing 10.09% of our enlarged issued share capital, will be offered for sale, at the IPO Price and payable in full upon application, and is subject to the terms and conditions stated approximately in this Prospectus. The Offer Shares will be offered by way of private placement as follows:

- (a) 12,700,000 Offer Shares representing approximately 7.12% of our enlarged issued share capital to selected Bumiputera investors approved by MITI; and
- (b) 5,300,000 Offer Shares representing approximately 2.97% of our enlarged issued share capital to selected investors.

Details of the Offeror is set out below:

Name and address	Position/ Relationship with our Group within the past 3 years	As at the LPD		Offer Shares offered		Immediately after the IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Haily Holdings/ Suite 5.11 & 5.12 5 th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor	Promoter and substantial shareholder	148,320,700	100.00	18,000,000	10.09	130,320,700	73.08

Notes:

- (1) Based on the issued share capital of 148,320,700 Shares as at the date of this Prospectus.
- (2) Based on the enlarged issued share capital of 178,320,700 Shares after the IPO.

Further details on the Offeror are disclosed in Section 5.1.2 of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)**4.3.4 Underwriting arrangement and allocation of the IPO Shares**

In summary, the IPO Shares will be allocated and allotted in the following manner:

	No. of Shares	% of enlarged share capital
Public Issue		
- Selected investors (via private placement)	11,080,000	6.22
- Malaysian Public	8,920,000	5.00
- Eligible Parties	10,000,000	5.61
Total Public Issue Shares	30,000,000	16.83
Offer for Sale		
- Selected investors (via private placement)	18,000,000	10.09

(a) Malaysian Public

All the 8,920,000 Balloting Shares made available for application by the Malaysian Public under Section 4.3.1(i) of this Prospectus have been fully underwritten. In the event the Balloting Shares are not subscribed for in full, these IPO Shares will be made available for application by way of private placement to selected investors. Any remaining Balloting Shares thereafter will be subscribed by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

(b) Eligible Parties

The 10,000,000 Pink Form Shares under Section 4.3.2 of this Prospectus are not underwritten. Any Public Issue Shares reserved under the Pink Form Allocations which are not taken up will be made available for subscription by the following persons:

- (i) firstly, by other eligible Directors, employees and persons who have contributed to the success of our Group; and
- (ii) secondly, by way of private placement to our selected investors as described in Sections 4.3.1 (iii) and 4.3.3 of this Prospectus.

As at the LPD, save as disclosed in Section 4.8 of this Prospectus, to the extent known to our Company:

- there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the Public Issue Shares; and
- there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.00% of the Public Issue Shares.

(c) Private Placement to selected investors

The 5,980,000 Public Issue Shares and 5,300,000 Offer Shares reserved under private placement to selected investors, respectively (under Sections 4.3.1 (iii) and 4.3.3 of this Prospectus) are also not underwritten. Our Group will obtain written irrevocable undertakings to subscribe for these Placement Shares from the selected investors.

4. DETAILS OF OUR IPO (CONT'D)

The 5,100,000 Public Issue Shares and 12,700,000 Offer Shares for private placement to selected Bumiputera investors approved by MITI, respectively (under Sections 4.3.1 (iii) and 4.3.3 of this Prospectus) are also not underwritten. Our Group will obtain written irrevocable undertakings to subscribe for these Placement Shares from the selected Bumiputera investors approved by MITI.

If any of the 5,100,000 Public Issue Shares and 12,700,000 Offer Shares allocated to Bumiputera investors approved by MITI under the private placement are not fully subscribed, the Public Issue Shares and Offer Shares will be allocated in the following order of priority:

- (a) Firstly, to Bumiputera public investors as part of the balloting process under Section 4.3.1 (i) of this Prospectus;
- (b) Secondly, to Eligible Persons under Section 4.3.1 (ii) and 4.3.2 of this Prospectus; and
- (c) Thirdly, by way of private placement to selected investors under Section 4.3.1 (iii) and 4.3.3 of this Prospectus.

The basis of allocating the IPO Shares shall take into account our Board's intention to distribute the IPO Shares to a reasonable number of applicants to broaden our Company's shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

There is no minimum subscription to be raised from the Public Issue.

The number of IPO Shares offered under the Public Issue and Offer for Sale will not be increased via any over-allotment or "greenshoe" option.

Our Public Issue and Offer for Sale are subject to the terms and conditions of this Prospectus.

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4. DETAILS OF OUR IPO (CONT'D)**4.4 SHARE CAPITAL**

	No. of Shares	Share Capital RM
Issued share capital as at the date of this Prospectus	148,320,700	41,529,868
New Shares to be issued pursuant to the Public Issue	30,000,000	20,400,000
Enlarged issued share capital upon Listing	178,320,700	61,929,868
Shares to be offered under Offer for Sale ⁽¹⁾	18,000,000	12,240,000
IPO Price (RM)		0.68
- Market capitalisation upon Listing (based on the IPO Price and the enlarged number of issued shares after our IPO)		RM121,258,076
- Pro forma consolidated NA per Share (based on our enlarged issued share capital after the IPO and after deducting the remaining listing expenses to be incurred of approximately RM1.68 million)		RM0.39

Note:

(1) *The Offer for Sale would not have an effect on our issued share capital as the Offer Shares are already in existence prior to the IPO.*

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally with each other. Our Public Issue Shares will, upon allotment and issue, rank equally in all respects with our existing shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by our Company in the future, our Shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of our Company, such surplus shall be distributed among our Shareholders in proportion to the issued capital at the commencement of the winding up, in accordance with the Constitution of our Company.

At any general meeting of our Company, each shareholder shall be entitled to vote (i) in person; (ii) by proxy; or (iii) by the representative appointed by a corporate member or attorney appointed by member by a power of attorney ("Representative"). On a vote by show of hands, each shareholder present in person or by proxy or by Representative shall have 1 vote. On a vote by way of poll, each shareholder present in person or by proxy or by Representative shall have 1 vote each share held. A proxy may, but need not be, a Shareholder of our Company.

4. DETAILS OF OUR IPO (CONT'D)

4.5 PURPOSE OF THE IPO

The purposes of the IPO are as follows:

- (i) to enable our Group to raise funds for the purposes specified in Section 4.7 of this Prospectus;
- (ii) to provide an opportunity for investors and institutions to participate in our equity and continuing growth;
- (iii) to enable us to tap into the equity capital market for future fund raising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue, such as rights issue and private placement; and
- (iv) to gain recognition and enhance the stature of our Group with a listing status which will enhance our Group's reputation in the marketing of our construction services to expand our customer base in Malaysia, and to retain and attract new, skilled employees in the construction development industry.

4.6 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by us and TA Securities, as our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration among others, the following factors:

- (i) PE Multiple of approximately 11.60 times based on our Group's audited EPS of 5.86 sen for FYE 2020 calculated based on our Group's audited PAT attributable to owners of the Group of RM10.44 million and enlarged share capital of 178,320,700 shares upon Listing;
- (ii) A price-to-book ratio of approximately 1.74 times based on our Group's pro forma NA per Share as at 31 December 2020 of RM0.39 calculated based on our Group's pro forma NA as at 31 December 2020 of RM70.19 million, after the Public Issue and use of proceeds and our enlarged issued share capital of 178,320,700 Shares upon Listing;
- (iii) Our historical financial performance (as summarised below) and operating history as described in Sections 3.7 and 12 of the Prospectus:

	Audited			
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000
Revenue	121,832	173,787	157,918	166,132
GP	23,519	22,168	22,937	27,484
PAT attributable to the owners of the Group	12,549	8,445	8,856	10,444

- (iv) our competitive advantages and key strength as set out in Section 7.4 of this Prospectus; and
- (v) our Group's business strategies and plans as set out in Sections 7.23 of this Prospectus.

However, you should also note that the market price of the Shares upon Listing is subject to the uncertainties of market forces and other factors, which may affect the price of the Shares being traded. You are reminded to consider the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (CONT'D)**4.7 USE OF PROCEEDS****4.7.1 Proceeds from the IPO**

The Public Issue is expected to raise gross proceeds of RM20.40 million for our Group, which shall be used in the following manner:

Purpose	Time frame for utilisation from the date of listing	Notes	%	RM'000
Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment	Within 24 months	(1)	20.59	4,200
General working capital	Within 24 months	(2)	29.41	6,000
Repayment of bank borrowings	Within 3 months	(3)	34.31	7,000
Estimated listing expenses	Within 3 months	(4)	15.69	3,200
Gross proceeds			100.00	20,400

Notes:**(1) Purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment**

We intend to utilise RM4.20 million for the purchase of construction machinery, equipment as well as new contract management and accounting software and office equipment. The breakdown of the estimated purchase cost for each item is as follows:

Items	Usage	Estimated	
		Purchase quantity	Total cost RM'000
Scaffolding and its related accessories ^(a)	Is a temporary metal framework for use as working platform for work done on the external walls during the construction of buildings	For coverage of approximately 51,191 m ² of external wall space	3,000
Backhoe loaders ^(b)	Mainly used for light transportation of construction materials, loading and unloading of construction materials, digging holes/excavation, heaping of materials such as sand, gravel and crushed stones as well as site clearing	5 units	650
Tractors ^(c)	Mainly used to haul a trailer or machinery used in construction	6 units	96

4. DETAILS OF OUR IPO (CONT'D)

Items	Usage	Estimated	
		Purchase quantity	Total cost RM'000
New contract management and accounting software and office equipment ^(d)	Setting up of an integrated contract management and accounting system	-	454
Total			4,200

Notes:

- (a) We incurred approximately RM145,000, RM259,000, RM731,000 and RM650,000 in the FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively to purchase new scaffolding and its related accessories to support our building construction activities and for replacement purposes. We purchase scaffolding every year to replace damaged and/ or faulty parts including replacement of related accessories.

The amount of new scaffolding and its related accessories that we intend to purchase from the allocated Public Issue proceeds of RM3.00 million is expected to cover approximately 51,191 m² of external wall space at any one time. We intend to purchase new heavy-duty scaffolding which are expected to last for several years. The new scaffolding and its related accessories will be capitalised as property, plant and equipment and depreciated based on their expected useful life of 5 years.

- (b) As at the LPD, we have 9 units of backhoe loaders which were purchased between 2011 and 2020. The current NBV of our existing backhoe loaders as at LPD amounted to approximately RM150,000. In addition to utilising our own backhoe loaders for our Group's building construction projects, we also hire additional backhoe loaders from other equipment suppliers. We rent backhoe loaders from external parties when our own backhoe loaders are insufficient to cater for internal use or when the backhoe loaders are not available for our use due to an equipment breakdown or when the backhoe loaders are undergoing repairs and maintenance.

Our Group incurred hiring expenses from other equipment suppliers of machinery and equipment were approximately RM0.77 million, RM1.74 million, RM1.49 million and RM1.16 million for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively, representing approximately 1.0% of our Group's total purchases of input materials and services during the Financial Years Under Review. Based on the average hiring rate of approximately RM47.50 per hour, the total machine hours from the rental of the backhoe loaders from other equipment suppliers for the FYE 2017, FYE 2018, FYE 2019 and FYE 2020 were approximately 3,712 hours, 16,805 hours, 19,964 hours and 16,118 hours, respectively, which were deployed for usage at our building construction projects.

The purchase of backhoe loaders will enable our Group to increase our efficiency as they can be readily deployed to any of our building construction projects sites (compared to renting from external parties). The additional backhoe loaders also require lesser repair and maintenance cost as compared to our older backhoe loaders. Nevertheless, the usage of backhoe loaders as well as other machinery and equipment are dependent on the respective project requirements. Thus, at this juncture and based on the contracts in hand, we do not expect to rent backhoe loaders from other equipment suppliers after the purchase.

4. DETAILS OF OUR IPO (CONT'D)

- (c) *As at the LPD, we have 12 units of tractors which were purchased between 2011 and 2019. The current NBV of our existing tractors as at LPD amounted to approximately RM61,000. During the Financial Years Under Review, our Group did not rent any tractors from external machinery and equipment suppliers. Our existing fleet of tractors was used for our Group's building construction projects.*

These purchased tractors would require lesser repair and maintenance cost as compared to our older tractors. The purchase of tractors will also improve our Group's efficiency as they can be readily deployed to any of our building construction project sites (compared to renting from external parties, if required).

- (d) *New integrated contract management and accounting system*

We have allocated RM454,000 of the proceeds from the Public Issue to partially fund our Group's requirement to set up a new integrated system comprising of a new contract management and accounting software which has been customised and office equipment. Based on our preliminary estimate, the overall cost is approximately RM500,000, which is expected to cover all costs for the installation, migration from the existing accounting system to the new integrated system and for training. We plan to commence the installation of the new integrated system in the second half of 2021.

This new contract management and accounting software will be customised to cater for integration of information and data flows between the purchasing and contract departments (such as recording subcontractors' claims and progress billings, purchase request and fixed asset management) and linked to our accounting system. Currently, we are using a basic accounting software and spreadsheets to facilitate the information and data flows between the purchasing and contracts department and the accounts department.

Thus, we intend to replace our existing accounting system with an integrated contract management and accounting system which is able to link the purchasing and contracts functions with our accounting functions. The new contract management and accounting software will have, amongst others, financial accounting, contract claim, procurement, sale, inventory and costing and fixed assets modules. In addition, it will be equipped with functions that allow our employees to have remote access via the internet.

In this respect, we plan to purchase a new customised software and office equipment including the installation of new server, computers and peripherals. Upon setting up of the new integrated contract management and accounting system, we will proceed with migration from the existing accounting system to the new integrated system. Training will also be provided to our relevant employees whom will be performing their functions using the new integrated system. We would require approximately 3 to 6 months (which is expected to commence in the second half of 2021) to set up and install the new accounting system, migration from the existing accounting system to the new accounting system and conduct trainings to our employees to operate the new contract management and accounting system. The new system is expected to be fully operational after all these actions have been carried out.

4. DETAILS OF OUR IPO (CONT'D)

The purchase of the additional construction machinery, equipment as well as new contract management and accounting software and office equipment will be made from local suppliers. The said purchases will better support the implementation of our Group's future plans to grow our building construction activities.

The purchases of the additional construction machinery and equipment are mainly to replace the fully depreciated and older machinery and equipment as well as to facilitate better scheduling of our construction work when the projects require concurrent usage rather than solely relying on the suppliers or rental from external parties.

The estimated purchase cost of these construction machinery, equipment as well as new contract management and accounting software and office equipment may be subject to changes (due to finalisation of the detailed specifications and actual customisation requirements). Any shortfall will be funded via internally generated funds and/or bank borrowings and any surplus will be utilised for working capital purposes.

(2) General working capital

Approximately RM6.00 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used mainly to finance our working capital requirements (i.e., payment to subcontractors for amongst others, building works, mechanical and electrical (M&E) works, earth works and site preparation works and suppliers of construction materials such as concrete and cement materials, steel-based materials, brickwork materials and tiles and timber and plywood) of our Group's on-going projects as follows:

Project name	Indahpura Business Central (Phase 3) Project	122 DSTH Bandar Putra Project	147 DSTV Aurora Sentral Project	Aurora Sentral Clubhouse Project	217 DSTH Taman Mutiara Maju Project
Customer	Tek Land Sdn Bhd	Nice Frontier Sdn Bhd	Country View Resources Sdn Bhd	Country View Resources Sdn Bhd	Danau Homes Sdn Bhd
Project description	Construction of 14 units of 2-storey shop offices and 10 units of 3-storey shop offices in Kulai, Johor	Construction of 122 units of double storey terrace houses in Bandar Putra, Senai, Johor	Construction of 147 units of double storey terrace villas located in Aurora Sentral, Pulai, Johor	Construction of a clubhouse with facilities among others, swimming pool, management office, badminton hall, gymnasium, public toilets and changing room located in Aurora Sentral, Pulai, Johor	Construction of 217 units of 2-storey terrace houses in Taman Mutiara Maju, Pulai, Johor
Total contract value	RM9.41 million	RM20.28 million	RM45.08 million	RM6.74 million	RM38.08 million

4. DETAILS OF OUR IPO (CONT'D)

Project name	Indahpura Business Central (Phase 3) Project	122 DSTH Bandar Putra Project	147 DSTV Aurora Sentral Project	Aurora Sentral Clubhouse Project	217 DSTH Taman Mutiara Maju Project
Status of the project	The project is expected to be completed 15 months from the date of site possession (which is expected to be in first quarter of 2022 based on the notification received from our customer in April 2021)	Approximately 18% completed as at 10 June 2021. The project is expected to be completed in 2022	Less than 1% completed as at 10 June 2021. The project is expected to be completed by end of 2022	Less than 1% completed as at 10 June 2021. The project is expected to be completed by end of 2022	The project is expected commence in July 2021 and be completed in October 2022

Please refer to Section 7.5.9.2 of this Prospectus for further details of the abovementioned on-going projects.

The IPO proceeds earmarked for working capital is intended to partly defray the building construction cost for the abovementioned projects. The remaining cost for building construction for the projects will be funded from internally generated funds and/or bank borrowings and/or suppliers and subcontractors' credit terms. Subcontractor costs and construction materials are our largest cost of sales items (collectively contributing 93.96%, 95.03%, 94.06% and 94.90% in FYE 2017, FYE 2018, FYE 2019 and FYE 2020, respectively) and as such, we have allocated the proceeds raised earmarked for working capital requirements to pay our subcontractors and suppliers of construction materials. If our Group is unable to utilise the proceeds for any of the above projects which are dependent on the status of the work progress, the proceeds earmarked for this category would be allocated to other future construction projects to be identified by our Group.

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4. DETAILS OF OUR IPO (CONT'D)

(3) Repayment of bank borrowings

We have allocated RM7.00 million of the proceeds to repay our existing bank borrowings as follows:

Bank	Types of credit facilities/ Tenure	Total facility limit (RM'000)	Interest rate per annum (%)	Amount outstanding as at LPD (RM'000)	Amount to be repaid from IPO proceeds (RM'000)	Illustrated interest savings per annum (RM'000)	Purpose of the borrowing
United Overseas Bank (Malaysia) Berhad ⁽¹⁾	General and blanket contract financing lines/ On demand	12,000	6.07% (based on 0.50% per annum over the bank's BLR)	5,737	5,737	348	Being bank overdraft drawn down for working capital requirements for our building construction projects
	Revolving credit/ On demand	1,000	4.69% (based on 2.75% per annum above the bank's prevailing CFR)	1,000	267	13	Working capital requirements for our building construction projects
Hong Leong Islamic Bank Berhad ⁽²⁾	Trade financing, revolving contract financing line and cashline financing/ On demand	46,000	6.64% (based on 1.00% per annum above the bank's IFR)	996	996	66	Working capital requirements for our building construction projects
Total		59,000		7,733	7,000	427	

Notes:

(1) Based on a base lending rate ("BLR") of 5.57% and cost funding rate ("CFR") of 1.94% as at the LPD.

(2) Based on an Islamic financing rate ("IFR") of 5.64% as at the LPD.

We have drawn down on the above-mentioned facilities to partially fund our Group's cash outlay for our on-going building construction projects. As at the LPD, the total amount outstanding is RM7.73 million. Nevertheless, we will not repay our bank borrowings from the IPO proceeds by more than the RM7.00 million allocated. If the actual repayment of borrowings is lower than budgeted, the surplus will be utilised for our general working capital.

4. DETAILS OF OUR IPO (CONT'D)

Based on the table above, the interest rates ranged between 4.69% (i.e., CFR of 1.94% plus 2.75%) and 6.64% (IFR of 5.64% plus 1.00%) per annum. For illustrative purposes, our annual interest savings from the repayment of the bank borrowings from the utilisation of the IPO proceeds is up to approximately RM0.43 million per annum (based on the assumed repayment of total borrowings of RM7.00 million from the above-mentioned credit facilities). However, the actual interest savings may vary depending on the applicable interest rate at the time of repayment.

We intend to repay and settle part of the outstanding bank borrowings as at the LPD from the IPO proceeds. Save for the banks' right to demand for payment of the outstanding bank borrowings in the event of any default in payment, there are no other covenants attached to the credit facilities which may have material impact on the repayment of the outstanding bank borrowings. The repayment of any such outstanding bank borrowings in respect of the aforesaid credit facilities will not result in any penalty/ early repayment cost being incurred by the Group except for the revolving credit facility granted by United Overseas Bank (Malaysia) Berhad in which the bank shall have the right to charge prepayment fee and claim for any compensation if the outstanding borrowings are settled prior to the designated maturity date. Nevertheless, the estimated prepayment fee and claim for compensation (if any) is not material (i.e., less than RM100).

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4. DETAILS OF OUR IPO (CONT'D)**(4) Estimated listing expenses**

Our listing expenses are estimated to be as follows:

	RM'000
Professional fees (includes advisory fees for, amongst others, our Principal Adviser and Sponsor, Solicitors, Reporting Accountants and IMR)	2,350
Fee to authorities	12
Estimated underwriting, placement and brokerage fees	450
Printing, advertisement and other incidental charges relating to our Listing	388
Total	3,200

We will bear all fees and expenses incidental to our Listing as indicated above. If the actual listing expenses are higher than estimated, the shortfall will be funded from our Company's internally generated funds. Conversely, if the actual listing expenses are lower than estimated, the surplus will be utilised for working capital purposes.

The Offeror will bear all expenses relating to Offer for Sale.

Pending eventual utilisation of proceeds from the Public Issue for the abovementioned purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

4.7.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM12.24 million which will accrue entirely to our Offeror and we will not receive any of the proceeds.

The Offeror shall bear all of the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.29 million.

4.8 DILUTION

Dilution is computed as the difference between the IPO Price paid by the applicants for our Shares under the IPO and our Group's pro forma NA per Share immediately after the IPO.

Our Group's NA per Share as at 31 December 2020 is approximately RM0.35 (based on the number of Shares in issue before the Public Issue).

Pursuant to the Public Issue of 30,000,000 new Shares at the IPO Price and after adjusting for the effects of the use of proceeds, our Group's pro forma NA per Share as at 31 December 2020 will be approximately RM0.39.

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4. DETAILS OF OUR IPO (CONT'D)

	RM
IPO Price (A)	0.68
Group NA per Share as at 31 December 2020 (B)	0.35
Pro forma NA per Share as at 31 December 2020 (after the Public Issue and proposed utilisation of proceeds) (C)	0.39
Increase in the pro forma NA per Share to existing shareholders (after the Public Issue and utilisation of proceeds) (C - B)	0.04
Dilution in the pro forma NA per Share to new public investors (A - C)	0.29
Dilution in the pro forma NA per Share to new public investors as a percentage of the IPO Price	42.65%

The table below summarises the total number of Shares acquired and the average effective cash contribution per Share paid by our Directors, Promoters, substantial shareholders, key senior management and/or persons connected to them, during the past 3 years prior to the date of this Prospectus or which they have a right to acquire:

	No. of Shares before IPO	No. of Shares from IPO	Total cash Consideration RM	Average effective cash contribution per Share RM
Directors, Promoters and substantial shareholders				
Haily Holdings ⁽¹⁾	148,320,700	-	1,250,000	0.0084
See Tin Hai	-	-	-	-
Kik Siew Lee	-	-	-	-
Directors				
Mohd Jaffar Bin Awang (Ismail)	-	100,000 ⁽²⁾	68,000	0.68
Yoong Woei Yeh	-	500,000 ⁽²⁾	340,000	0.68
See Swee Ling	-	500,000 ⁽²⁾	340,000	0.68
Tan Sui Huat	-	100,000 ⁽²⁾	68,000	0.68
Ong Kheng Swee	-	100,000 ⁽²⁾	68,000	0.68
Key senior management				
Long Cheow Siong	-	120,000 ⁽²⁾	81,600	0.68
Lim Kok Siang	-	200,000 ⁽²⁾	136,000	0.68

4. DETAILS OF OUR IPO (CONT'D)**Notes:**

(1) *The shareholders of Haily Holdings and their shareholdings are as follows:*

	No. of shares	% of shareholdings in Haily Holdings
<i>See Tin Hai</i>	<i>1,200,001</i>	<i>80.00</i>
<i>Kik Siew Lee</i>	<i>300,001</i>	<i>20.00</i>
	<i>1,500,002</i>	<i>100.00</i>

(2) *Assuming he or she fully subscribes for the Pink Form Shares allocated to him or her.*

Save as disclosed above, there has been no other equity transaction and/or right to acquire by our Directors, Promoters, substantial shareholders, key senior management and/or persons connected to them during the past 3 years prior to the date of this Prospectus.

4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE**4.9.1 Brokerage fee**

We will pay the brokerage at the rate of 1.0% on the IPO Price in respect of successful applications for the Balloting Shares bearing the stamp of TA Securities, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House. The brokerage is subject to SST.

4.9.2 Underwriting commission

The Underwriter has entered into the Underwriting Agreement on 15 June 2021 with our Company for the underwriting of the Balloting Shares, which are available for application by the Malaysian Public ("Underwritten Shares"). We will pay our Underwriter an underwriting commission at the rate of 2.25% of the total value of the Underwritten Shares based on the IPO Price. The underwriting commission is subject to SST.

4.9.3 Placement fee

We will pay the Placement Agent, a placement fee at the rate of up to 2.25% of the value of the 11,080,000 Public Issue Shares reserved for private placement (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price). The placement fee is subject to SST.

The placement fee at the rate of up to 2.25% will be incurred on the sale of up to 18,000,000 Offer Shares and to be fully borne by the Offeror.

4.10 UNDERWRITING ARRANGEMENT

We have entered into the Underwriting Agreement with the Underwriter where the Underwriter has agreed to underwrite 8,920,000 Balloting Shares under the Public Issue in the manner set out in Section 4.3.4(a) of the Prospectus. Details of the underwriting commission are further set out in Section 4.9.2 of this Prospectus.

The summary of the salient terms of the Underwriting Agreement which may allow the Underwriter to withdraw from their obligations under the Underwriting Agreement after commencement of the IPO are as follows. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

4. DETAILS OF OUR IPO (CONT'D)

4.10.1 Conditions precedent for Underwriting

- (i) Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:
 - (a) the listing approval from Bursa Securities remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;
 - (b) all other necessary approvals and consents required in relation to the Public Issue and the Public Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (c) the issue of the Public Issue Shares having been approved by the shareholders of the Company;
 - (d) the issue and subscription of the Public Issue Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (e) the Prospectus having been registered with the SC together with all the required documents in accordance with the CMSA and the relevant laws and regulations;
 - (f) there having been, on or prior to the last date and time for the receipt of applications and payment for the Public Issue Shares in accordance with the Prospectus or such later date as the Company and the Underwriter may mutually agree upon ("Closing Date") no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;
 - (g) there having been, on or prior to the Closing Date no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company contained in the Underwriting Agreement;
 - (h) the Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the Public Issue Shares and authorizing a person or persons to sign the Underwriting Agreement on behalf of the Company; and

4. DETAILS OF OUR IPO (CONT'D)

- (i) the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the cost and expenses referred to in Clause 15 (Cost and Expenses) of the Underwriting Agreement.
- (ii) The Company further agrees to provide a confirmation in writing, one (1) day prior to the submission of the Prospectus to SC for registration and on the Closing Date respectively, on the following:
 - (a) the status of compliance of each condition set forth in Section 4.10.1(i)(a) to (h) herein as at the date of such written confirmation; and
 - (b) the timeframe for the fulfilment of such conditions, where applicable.
- (iii) In the event any of the conditions set forth above are not satisfied on or before the Closing Date, the Underwriter shall, subject as mentioned below, be entitled to forthwith terminate the Underwriting Agreement by notice in writing given to the Company and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

4.10.2 Termination

- (i) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:
 - (a) the approval of Bursa Securities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Underwriter;
 - (b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 (Representations and Warranties by the Company) and 4 (Covenants and Undertakings by the Company) of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;
 - (c) there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement;
 - (d) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue or Listing, or the distribution or sale of the Public Issue Shares;
 - (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group;
 - (f) the Listing does not take place within three (3) months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Underwriter;

4. DETAILS OF OUR IPO (CONT'D)

(g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares;

(h) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:

(aa) on or after the date of the Underwriting Agreement; and

(bb) prior to the close of the offering of the Public Issue,

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

(i) there shall have occurred, or happened any of the following circumstances:

(aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole or the success of the Public Issue or Listing which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

(ii) In the event that the Underwriting Agreement is terminated by the Underwriter pursuant to the aforesaid, the Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of the Underwriting Agreement and entering into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

4. DETAILS OF OUR IPO (CONT'D)

- (iii) Upon any such notice(s) being given pursuant to the aforesaid, the Underwriter shall be released and discharged from their obligations under the Underwriting Agreement whereupon the following shall take place within three (3) Market Days of the receipt of such notice:
- (a) the Company shall make payment of Underwriting Commission to the Underwriter in accordance with Clause 10.2 (Underwriter's Commission Payable on Termination) of the Underwriting Agreement;
 - (b) the Company shall pay or reimburse to the Underwriter the costs and expenses referred to in Clause 15 (Costs and Expenses) of the Underwriting Agreement; and
 - (c) each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter under the Underwriting Agreement) including but not limited to the subscription monies paid to the other party under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided under the Underwriting Agreement);

provided always that the Underwriter shall not be entitled to the Underwriting Commission and/or other sums due from the Company under this Agreement if this Agreement is terminated due to the default of the Underwriter and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

Haily Holdings

Promoter and substantial shareholder

(a) Background and principal activities

Haily Holdings was incorporated in Malaysia on 31 May 2011 under the Companies Act 1965 as a private company limited by shares and is deemed registered under the Act under the name of Syarikat Haily Holdings Sdn Bhd. It changed its name to its present name on 1 November 2012.

Haily Holdings was incorporated by See Tin Hai and his wife, Kik Siew Lee with equal share as an investment holding company to Haily Construction.

Haily Holdings is an investment holding company. Its investments comprise Haily, Springsphere Sdn Bhd, Connoisseur Towers Sdn Bhd and the investment in properties including our Head Office. Please refer to Section 5.2.3 (See Tin Hai) of this Prospectus for further details on Springsphere Sdn Bhd and Connoisseur Towers Sdn Bhd.

On 25 May 2012, Haily Holdings allotted and issued as fully paid at par 1,200,000 and 300,000 ordinary shares to See Tin Hai and Kik Siew Lee respectively. After the said allotment, See Tin Hai and Kik Siew Lee owned approximately 80% and 20% in Haily Holdings, respectively.

(b) Share capital

As at the LPD, the share capital of Haily Holdings is RM1,500,002 comprising of 1,500,002 shares which have been issued and fully paid-up.

(c) Directorship and shareholding

As at the LPD, the Directors and shareholders of Haily Holdings are as follows:

Shareholders	Nationality	No. of shares	%
See Tin Hai	Malaysian	1,200,001	80.00%
Kik Siew Lee	Malaysian	300,001	20.00%
		1,500,002	100.00%

Name	Nationality
Directors	
See Tin Hai	Malaysian
Kik Siew Lee	Malaysian
Yoong Woei Yeh	Malaysian
See Swee Ling	Malaysian
See Yee Han	Malaysian
See Cul Wei	Malaysian

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

See Tin Hai

Malaysian, aged 60

Promoter, substantial shareholder and Executive Director

See Tin Hai, is our Executive Director. He was appointed as a director of our Company upon its incorporation on 21 February 2020. See Tin Hai is the founder of Haily Construction with his wife, Kik Siew Lee on 10 May 2007. He started his career in 1980 immediately upon the completion of his Sijil Pelajaran Malaysia (“SPM”) at Sekolah Menengah Kebangsaan Labis, Johor in 1979.

See Tin Hai started his career as a house renovator. See Tin Hai was running his own business in his personal capacity throughout the period of 1980s to 2000s focusing on house renovation, electrical and wiring works.

In 2001, See Tin Hai joined and was appointed a Director of Convest Construction Sdn Bhd where he held 42% of its shareholdings. The company was incorporated in 1998 and principally involved in building constructions. From 2001 until 2017, he was responsible for the business operation of the company as a contractor. He was overseeing several constructions projects undertaken by Convest Construction Sdn Bhd. See Tin Hai subsequently resigned from the board of directors of Convest Construction Sdn Bhd in March 2020 and sold his shares in the company in May 2020.

With the experience gained over the years, See Tin Hai founded Haily Construction with his wife, Kik Siew Lee on 10 May 2007 to tender and undertake construction services for property developers. See Tin Hai has dedicated his entire career in the construction industry and is responsible for the overall Group’s business direction and development strategies. See Tin Hai is also responsible for supervising the day-to-day management of our Group which includes overseeing the entire tendering and construction process for all our projects.

He also holds directorships in several private companies. As at the LPD and in the last 5 years, his directorships in other companies outside of our Group are disclosed in Section 5.2.3 of this Prospectus.

Kik Siew Lee

Malaysian, aged 59

Promoter and substantial shareholder

Kik Siew Lee is a Director and founder of Haily Construction with her husband, See Tin Hai on 10 May 2007. Kik Siew Lee completed her Sijil Rendah Pelajaran (“SRP”) at Sekolah Menengah Kebangsaan Chaah, Segamat, Johor in 1978 and thereafter was employed in various sales jobs on a part-time basis until she married See Tin Hai in 1985.

Kik Siew Lee was a homemaker after her marriage with See Tin Hai. Subsequently in 2002, Kik Siew Lee joined Convest Construction Sdn Bhd as a Manager and was responsible for customers’ relation matters, general office administration as well as monitoring of collections for account receivables and payments for payables. Whilst under the employment of Convest Construction Sdn Bhd, Kik Siew Lee co-founded Haily Construction in May 2007 with her husband, See Tin Hai. She subsequently resigned and left the employment of Convest Construction Sdn Bhd in February 2020.

She has been instrumental and played an essential role in assisting See Tin Hai on every aspects of the operation during the initial years of Haily Construction’s growth. She is currently a Director of Haily Construction and continues to assist in overseeing the administrative and staff welfare of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

As at the LPD, our substantial shareholders and our Promoters have the same voting rights with each other. After the IPO, our substantial shareholders and our Promoters will have the same voting rights with the other shareholders of Haily. There is no arrangement between Haily and its shareholders with any other third parties which may, at a subsequent date, result in a change of control of our Group. Save as disclosed above, the Group confirms that there are no persons who are able to, directly or indirectly, jointly or severally, exercise control over Haily.

5.1.4 Amounts/benefits paid or intended to be paid or given to any Promoters or substantial shareholders

Save for the issuance of the shares by our Company as consideration pursuant to the Acquisition of Haily Construction as disclosed in Section 6.2.1.2 of this Prospectus, the distribution of dividends (as set out below) and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and substantial shareholders for services rendered to our Group in all capacities for the FYE 2019, FYE 2020 and proposed to be paid in FYE 2021 as set out in Section 5.2.4 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to any of our Promoters or substantial shareholders, within the 2 years preceding the date of this Prospectus.

(a) Distribution of dividends

Promoter and Substantial Shareholder	Distribution of dividends		
	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000
Haily Holdings	5,250 ⁽¹⁾	6,000 ⁽²⁾	2,500 ⁽³⁾
			Nil

(b) Remuneration and benefits paid

FYE 2018

Promoter and Substantial Shareholder	Directors' fees	Salaries	Bonuses	Benefits-in-kind and Allowances	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
See Tin Hai ⁽⁴⁾	300	162	-	28	490
Kik Siew Lee ⁽⁵⁾	230	84	-	15	329

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

FYE 2019

Promoter and Substantial Shareholder	Directors' fees		Salaries		Bonuses		Benefits-in-kind and Allowances		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
See Tin Hai ⁽⁴⁾	300	230	230	66	16	612				
Kik Siew Lee ⁽⁵⁾	230	172	54	15	471					

FYE 2020

Promoter and Substantial Shareholder	Directors' fees ⁽⁶⁾		Salaries		Bonuses		Benefits-in-kind and Allowances		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
See Tin Hai ⁽⁴⁾	325	264	22	96	707					
Kik Siew Lee ⁽⁵⁾	230	216	18	10	474					

Proposed for FYE 2021

Promoter and Substantial Shareholder	Directors' fees ⁽⁶⁾		Salaries		Bonuses ⁽⁷⁾		Benefits-in-kind and Allowances ⁽⁶⁾		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
See Tin Hai ⁽⁴⁾	350	264	-	112	726					
Kik Siew Lee ⁽⁵⁾	230	216	-	10	456					

Notes:

- (1) Paid on 18 December 2018.
- (2) Paid on 20 December 2019.
- (3) Paid on 1 April 2020.
- (4) Kindly refer to Section 5.2.4 of this Prospectus for further details.
- (5) Kik Siew Lee is a Director of Haily Construction and Haily Machinery as set out in Sections 6.5.1 (d) and 6.5.2 (d) of this Prospectus.
- (6) Approved and to be paid in FYE 2021.
- (7) Bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined later depending on the performance of the individuals and our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2 BOARD OF DIRECTORS

5.2.1 Directors' shareholdings

The Directors' shareholdings in our Company before and after the IPO are as follows:

Name	Designation	Before the IPO ⁽¹⁾		After the IPO ⁽²⁾⁽³⁾			
		Direct		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Mohd Jaffar Bin Awang (Ismail)	Independent Non-Executive Chairman	-	-	100,000	0.06	-	-
See Tin Hai	Executive Director	-	100.00	-	-	130,440,700 ⁽⁴⁾⁽⁵⁾	73.15
Yoong Woei Yeh	CEO/ Executive Director	-	-	500,000	0.28	-	-
See Swee Ling	Executive Director	-	-	500,000	0.28	-	-
Tan Sui Huat	Senior Independent Non-Executive Director	-	-	100,000	0.06	-	-
Ong Kheng Swee	Independent Non-Executive Director	-	-	100,000	0.06	-	-

Notes:

- (1) Based on the issued share capital of 148,320,700 Shares as at the LPD.
- (2) Based on the enlarged issued share capital 178,320,700 Shares after the IPO.
- (3) Assuming he or she fully subscribes for the Pink Form Shares allocated to him or her.
- (4) Deemed interest by virtue of his interest in Haily Holdings pursuant to Section 8(4) of the Act.
- (5) Deemed interest by virtue of his daughters, See Yee Wei's and See Yee Han's interests in Haily pursuant to Section 59(1)(c) of the Act, based on the Pink Form Shares to be subscribed by See Yee Wei and See Yee Han as eligible employees of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.2 Profiles of Directors

Other than the profiles of See Tin Hai which have been set out in Section 5.1.2 above, the profiles of our Directors are set out below:

Mohd Jaffar Bin Awang (Ismail)

Malaysian, aged 68

Independent Non-Executive Chairman

Mohd Jaffar Bin Awang (Ismail) was appointed as our Independent Non-Executive Chairman on 2 September 2020. He is also the Chairman of our Remuneration Committee.

Mohd Jaffar Bin Awang (Ismail) graduated in Bachelor of Social Science with Honours from Universiti Sains Malaysia in July 1977. He furthered his studies in October 1981 and was awarded with a Master of Arts (South East Asian Studies) in July 1983 from University of Hull, United Kingdom.

He commenced his career with the state government of Johor (“Johor State Government”) as a temporary trainee and then, served as a full-time employee in January 1978 as a Johor Civil Servant in the District and Sub-District Land Office in Kulai. In March 1978, he was transferred to the Johor Bahru District Office to take up the position of Assistant District Officer (Community Development) and thereafter, transferred to the Johor Bahru Land Office to be the Assistant Collector of Land Revenue in January 1979.

From October 1981 to January 1983, he applied for study leave from Johor Government Secretaries Office (Administrative Department) to further his studies in University of Hull. Upon graduating with a master’s degree, he resumed his employment as Assistant Secretary with the Johor State Government in the Johor Government Secretaries Office (Service Department) until December 1987 and was subsequently, transferred to the Office of the Johor Government Council as Secretary from January 1988 until December 1990. From January 1991 until April 1992, he was Secretary in the Municipal Council of Johor Bahru Central and thereafter, transferred to the Johor Bahru District Office as Chief Assistant District Officer (Development) from April 1992 until May 1995.

From June 1995 until September 2000, he held the position of Chief Assistant Secretary in the Johor Government Secretaries Office (Local Government Department). In September 2000, he was transferred to the position of Director in Tourism Johor until June 2002 and from July 2002 to December 2002, he was a General Manager in the Johor State Tourism Action Council. In January 2003, he was made President of the Muar Municipal Council until January 2006. From February 2006 until December 2006, he was District Officer in the Kota Tinggi District Office. In December 2006, he was subsequently transferred to the Kluang District Office until January 2008 and from January 2008 to August 2009, he was transferred to the Johor Bahru District Office. In August 2009, he was Mayor of the Johor Bahru City Council and he retired as Mayor in August 2011.

During his retirement, in May 2013, he was appointed as a Director of Loong Soon Kemajuan Sdn Bhd, Tasek Development Sdn Bhd and Tasek Homes Sdn Bhd which he is currently still a Director in these companies. In March 2014, he was appointed by the Johor State Government to serve as a member of the Johor Public Service Commissions and officially completed his term of service in March 2018.

He has been appointed as an Independent Non-Executive Director since May 2017 in Atlan Holdings Berhad, which is listed on the Main Market of Bursa Securities. As at the LPD and in the last 5 years, his directorships in other companies outside of our Group are disclosed in Section 5.2.3 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Yoong Woei Yeh
Malaysian, aged 42
CEO and Executive Director

Yoong Woei Yeh is our CEO and Executive Director. He was appointed as a director of our Company upon its incorporation on 21 February 2020. He graduated with a Bachelor of Engineering (Civil) from Universiti Teknologi Malaysia in 2002. Yoong Woei Yeh is also a graduate member of The Institute of Engineers Malaysia and the Board of Engineers Malaysia since 19 July 2004 and 24 November 2003, respectively.

Yoong Woei Yeh started his career in June 2002 as a Site Engineer at Road Builder (M) Sdn Bhd and was subsequently promoted to Senior Engineer in January 2007. He continued his career with IJM Construction Sdn Bhd in November 2007 after the acquisition of Road Builder (M) Sdn Bhd by IJM Corporation Berhad until January 2009. After he left IJM Construction Sdn Bhd in January 2009, Yoong Woei Yeh joined Haily Construction in February 2009 as the Project Engineer and was promoted to the position of Project Manager in September 2011. Yoong Woei Yeh assumed the role as the head of projects where he was responsible for the overall aspects of our Group's project construction works. In April 2012, he was appointed as a Director of Haily Construction. Yoong Woei Yeh was further promoted to the position of CEO of Haily Construction in May 2019 and as CEO of our Group on 2 September 2020.

As the CEO of our Group, Yoong Woei Yeh is responsible for the day to day management of our Group including but not limited to organisational effectiveness and implementation of policies, strategies and decisions. He is also responsible to lead, supervise and manage a team of executives, ensuring that the appropriate risk management practices and policies are implemented and to assess business opportunities for our Group.

He also holds directorship in several private companies. As at the LPD and in the last 5 years, his directorships in other companies outside of our Group are disclosed in Section 5.2.3 of this Prospectus.

See Swee Ling
Malaysian, aged 35
Executive Director

See Swee Ling is our Executive Director. She was appointed to our Board on 2 September 2020. She graduated with a Bachelor of Arts in Accounting & Finance from University of East London in 2009.

Upon her graduation in 2009, See Swee Ling was invited by her father, See Tin Hai who is the founder of Haily Construction to develop her career with Haily Construction. She joined Haily Construction as an Accounts Assistant in September 2009 and was promoted to the position of Corporate Executive in September 2011. See Swee Ling was responsible for overseeing all treasury related matters and reviewing the monthly management accounts of Haily Construction and Haily Machinery. She was appointed as a Director of Haily Construction in April 2012.

As an Executive Director of our Group, See Swee Ling spearheads the strategic financial planning which includes formulating financial planning strategies in line with our Group's development strategies, as well as directing the overall accounts, administrative and human resources functions of our Group.

As at the LPD and in the last 5 years, her directorships in any other companies outside of our Group are disclosed in Section 5.2.3 of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Tan Sui Huat

Malaysian, aged 65

Senior Independent Non-Executive Director

Tan Sui Huat was appointed as our Senior Independent Non-Executive Director on 2 September 2020. He is also the Chairman of our Nominating Committee.

He graduated with a Bachelor of Laws at University of London, United Kingdom. He was admitted to the Honourable Society of Lincoln's Inn in July 1982 and subsequently called to the degree of an utter barrister on July 1983. In 1983, he undergone his pupillage in HH Long & Co and completed his pupillage in Ong Ban Chai & Co. He was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaysia in July 1984.

He commenced his legal career as a Legal Assistant in Ong Ban Chai & Co in July 1984 and subsequently left in August 1985 to join Rahman Saad & Associates as a Legal Assistant until March 1987. Upon leaving his position in Rahman Saad & Associates in March 1987, he joined Yaacob Atan & Associates as a Partner until 1988. In 1988, he left Yaacob Atan & Associates and joined K H Koh, Azhar & Koh ("K H Koh") (previously known as K H Koh, Cheong & Koh) as the Managing Partner of the Johor branch.

He is currently the Managing Partner at K H Koh. He is also a member of the Disciplinary Committee of the Advocates & Solicitors Disciplinary Board. His interests in other corporations are disclosed in Section 5.2.3 of this Prospectus.

Ong Kheng Swee

Malaysian, aged 63

Independent Non-Executive Director

Ong Kheng Swee was appointed as our Independent Non-Executive Director on 2 September 2020. He is also the Chairman of our Audit and Risk Management Committee.

In July 1981, he graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman, Malaysia. He was admitted as an Associate of the Association of Chartered Certified Accountants ("ACCA") in July 1990 and further admitted as a Fellow of the ACCA in September 1995. He was registered as a Chartered Accountant by the Malaysian Institute of Accountants ("MIA") since September 1993. He was also admitted as an Associate in the Malaysian Institute of Taxation ("MIT") in November 1994 and subsequently, admitted as a Fellow of the MIT in April 2000. In October 2017, he was registered as an ASEAN Chartered Professional Accountant by the ASEAN Chartered Professional Accountants Coordinating Committee.

He commenced his career as an Audit Assistant in Deloitte Malaysia (then known as Kassim Chan & Co) from August 1981 until February 1984. Subsequently, he joined KPMG PLT in Johor Bahru (then known as Peat Marwick Mitchell & Co.) as an Audit Assistant in March 1984 and was promoted to an Audit Senior in January 1985. In January 1989, he was promoted to Audit Supervisor and further promoted to Assistant Manager in January 1990. In July 1990, he joined a petrochemical company, Titan Himont Polymers (M) Sdn Bhd as Accounting Manager. He was subsequently, promoted to Assistant Financial Controller in January 1992. He left Titan Himont Polymers (M) Sdn Bhd in January 1994 to pursue an overseas appointment with PT Batasan in Jakarta, Indonesia.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Throughout the period of January 1994 to December 1995, he was engaged with various appointments such as, Senior Accountant in PT Batasan in Jakarta, Indonesia from January 1994 to September 1994 and subsequently, as Group Finance Manager in Koda Woodcraft Sdn Bhd from October 1994 to March 1995 and later, Finance and Administration Manager (Asia Pacific) of a Thai costume jewellery manufacturer, Soleil Trading (M) Sdn Bhd based in Malaysia from April 1995 to December 1995. In December 1995, he took up the position of Financial Controller in Niro Ceramics (M) Sdn Bhd until October 1997. He then worked as a management consultant and also co-founded his management consultancy and advisory business, Seven S Consulting Sdn Bhd (“Seven S Consulting”) in 1998.

In August 1998, he joined Solid Corporation Sdn Bhd (“Solid Corporation”) as the Group Finance Director. He subsequently left Solid Corporation in February 2008, to pursue his interest in management consultancy and advisory under his company, Seven S-Consulting. He further co-founded Ascella Consulting Sdn Bhd and Rigel Consulting Sdn Bhd on 10 October 2010 and 25 April 2011, respectively. In July 2011, he returned to Solid Corporation as Executive Director cum CFO.

In September 2012, he was appointed as Executive Director cum CFO of Solid Automotive Berhad, a company listed on the Main Market of Bursa Securities on 12 September 2013. He resigned as CFO and Executive Director in September 2019 and February 2020, respectively.

Since March 2020, he has been pursuing his own business interest in Rigel Consulting Sdn Bhd and Seven S-Consulting Sdn Bhd, both are involved in the provision of advisory and consulting services and Ascella Consulting Sdn Bhd, a company providing corporate training and technical services in chemicals.

He is currently, an Independent Non-Executive Director in Power Root Berhad, a public company listed on the Main Market of Bursa Securities. As at the LPD and in the last 5 years, his directorships in any other companies outside of our Group are disclosed in Section 5.2.3 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.3 Principal directorships and principal business activities outside our Company

Save as disclosed below, none of our Directors has any involvement in business activities performed outside our Company for the past 5 years prior to the LPD:

(i) Mohd Jaffar Bin Awang (Ismail)

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
Current involvement: Loong Soon Kemajuan Sdn Bhd	Property development	Non- executive director	21 May 2013	-	-	-
Tasek Development Sdn Bhd	Property development and letting of properties	Non- executive director	21 May 2013	-	-	-
Tasek Homes Sdn Bhd	Property development	Non- executive director	21 May 2013	-	-	-
Atlan Holdings Bhd	Investment holding company, currently listed on the Main Market of Bursa Securities and its group of companies are involved in the provision of management, financial, technical and other ancillary services	Independent non- executive director	16 May 2017	-	-	-
Ang Tiong Loi Tasek Maju Charity Berhad	To carry out charity works in respect of medical and education	Director	9 July 2017	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) See Tin Hai

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
<i>Current involvement:</i>						
Haily Holdings	Investment holding company. Its investments comprise, Haily, Springsphere Sdn Bhd, Connoisseur Towers Sdn Bhd and the investment in properties including, our Head Office	Director and shareholder	31 May 2011	-	80.00	20.00 ⁽¹⁾
Hailee Plantation Sdn Bhd	Trading of latex and rubber products	Director and shareholder	9 December 2011	-	40.00	20.00 ⁽²⁾
Eastern Supreme Sdn Bhd	Investment holding company involved in property investments	Director and shareholder	1 August 2016	-	50.00	50.00 ⁽¹⁾
Springsphere Sdn Bhd	Dormant ⁽³⁾	Director and indirect shareholder	8 March 2012	31 July 2012	-	20.00 ⁽⁴⁾
Connoisseur Towers Sdn Bhd	Property development	Indirect shareholder	1 March 2010	15 January 2013	-	10.00 ⁽⁴⁾⁽⁵⁾
<i>Past involvement:</i>						
Haicon Development Sdn Bhd	Dormant ⁽⁶⁾	Director and shareholder	3 July 2017	5 August 2020	- ⁽⁷⁾	- ⁽⁸⁾
Convst Construction Sdn Bhd	Building contractors	Director and shareholder	30 May 2001	10 March 2020	- ⁽⁹⁾	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Deemed interest by virtue of the shareholdings of his spouse, Kik Siew Lee pursuant to the Act.
- (2) Deemed interest by virtue of the shareholdings of his spouse, Kik Siew Lee pursuant to the Act. See Tin Hai is not actively involved in the business operations of the said company.
- (3) Springsphere Sdn Bhd is dormant and has not commenced with the intended principal activity of property development since its incorporation in 2012. The company owned 2 pieces of freehold land which are located in Bandar Johor Bahru, District of Johor Bahru, Johor. In 2013, the company intended to carry out property development activities on the said freehold land. However, there has been no progress to commence development since then. Apart from this, there are no other plans for the company. There is no potential conflict of interest as Springsphere Sdn Bhd's intended principal activity is property development, which is different from the Haily Group's principal business activities of building construction of residential and non-residential buildings and provision of rental of construction machinery. Furthermore, See Tin Hai's interest in Springsphere Sdn Bhd is through his indirect shareholding in Haily Holdings. As at the LPD, Haily Holdings holds only 20.0% equity interest in Springsphere Sdn Bhd and the remaining 80.0% equity interest are held by other shareholders.
- (4) Deemed interest by virtue of his shareholdings in Haily Holdings pursuant to the Act.
- (5) There is no potential conflict of interest as Connoisseur Towers Sdn Bhd's principal activity is property development, which is different from the Haily Group's principal business activities of building construction of residential and non-residential buildings and provision of rental of construction machinery. Furthermore, See Tin Hai's interest in Connoisseur Towers Sdn Bhd is through his indirect shareholding in Haily Holdings. As at the LPD, Haily Holdings holds only 10.0% equity interest in Connoisseur Towers Sdn Bhd and the remaining 90.0% equity interest are held by other shareholders.
- (6) Haicon Development Sdn Bhd is dormant and has not commenced with the intended principal activity of construction of buildings since its incorporation in 2017.
- (7) See Tin Hai previously held 50% shareholding in Haicon Development Sdn Bhd. See Tin Hai has disposed of his entire shareholding interest in Haicon Development Sdn Bhd in July 2020, as he intends to focus on the business of Haily Group. The shares of Haicon Development Sdn Bhd held by him were sold to Lim Siew Yin, who is a former employee and personal assistant in Haily Construction. Lim Siew Yin tendered her resignation with Haily Construction on 1 August 2020 and her employment in the company officially ended on 31 August 2020. As at the LPD, she is no longer an employee of Haily Construction. The shares of Haicon Development Sdn Bhd held by See Tin Hai were disposed for a consideration of RM1.00 as based on the audited financial statements of the company for the financial year ended 31 December 2019, the company had shareholders' deficit of RM7,869. Lim Siew Yin is not a Person Connected to See Tin Hai as at the LPD.
- (8) Deemed interest by virtue of the shareholdings of his spouse, Kik Siew Lee pursuant to the Act. However, Kik Siew Lee has disposed of her entire shareholdings in Haicon Development Sdn Bhd in July 2020 to Chan Lee Fong, who is not a Person Connected to her as at the LPD.
- (9) See Tin Hai held 42% shareholding in Convest Construction Sdn Bhd. See Tin Hai has disposed of his entire shareholdings in Convest Construction Sdn Bhd in May 2020, as he intends to focus on the business and day-to-day management of Haily Group. The shares of Convest Construction Sdn Bhd held by him were sold to Lim Siew Yin and Chan Lee Fong. The shares of Convest Construction Sdn Bhd were disposed of for a total consideration of RM900,000 while the value of the net assets in respect of the shares held by See Tin Hai based on the unaudited financial statements of the company as at 31 December 2019 was approximately RM1.02 million. Lim Siew Yin and Chan Lee Fong are not a Person Connected to him as at the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Yoong Woei Yeh

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
<u>Current involvement:</u>						
Haily Holdings	Investment holding company. Its investments comprise, Haily, Springsphere Sdn Bhd, Connoisseur Towers Sdn Bhd and the investment in properties including, our Head Office	Director	1 July 2013	-	-	-
<u>Past involvement:</u>						
Udang Desaru Sdn Bhd	Shrimp farming in freshwater ⁽¹⁾	Director and shareholder	12 March 2018	-	30.00	-
Udang Perling Sdn Bhd	Shrimp farming in freshwater ⁽¹⁾	Director and shareholder	12 March 2018	-	30.00	-
SGEMS Property Management Sdn Bhd	Property management leasing and acquisition ⁽²⁾	Director and shareholder	14 January 2016	-	33.33	-
SLM I Vision Sdn Bhd	Vision rehabilitation centre ⁽³⁾	Director and shareholder	18 May 2017	21 June 2017	10.00	-
Yon Marketing Sdn Bhd	Building materials and construction materials	Director and shareholder	20 January 2017	17 June 2019	-(4)	-
Southconic Sdn Bhd	Other building completion and finishing work; construction of buildings; other business support service activities	Director and shareholder	30 October 2018	9 January 2020	-(6)	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
Past involvement (Cont'd): Keysavour Sdn Bhd	Restaurant	Shareholder	-	-	-(6)	-
Biao Construction Sdn Bhd	Builders and contractors for construction works	Shareholder			-(7)	

Notes:

- (1) The company was struck off on 22 November 2019.
- (2) The company was struck off on 3 August 2020.
- (3) The company was struck off on 9 October 2020.
- (4) Yoong Woei Yeh previously held 55.0% shareholding in Yon Marketing Sdn Bhd. He has disposed his entire shareholding interest in Yon Marketing Sdn Bhd in July 2019, as he intends to as he intends to focus on the business of Haily Group. The shares of Yon Marketing Sdn Bhd held by him were sold to Ng Yong Kian and Lim Teck Loong. Ng Yong Kian is a former employee and was an assistant project manager in Haily Construction. Ng Yong Kian tendered his resignation with Haily Construction on 2 June 2020 and his employment in the company officially ended on 31 August 2020. As at the LPD, he is no longer an employee of Haily Construction. The shares of Yon Marketing were disposed for a consideration of RM16,500 while based on the audited financial statements of the company for the financial year ended 31 December 2018, the company had net assets of RM145,106. The parties (namely Yoong Woei Yeh, Ng Yong Kian and Lim Teck Loong) have mutually agreed that the difference between disposal consideration and net assets as at 31 December 2018 shall be repaid to Yoong Woei Yeh from the dividends received by Ng Yong Kian and Lim Teck Loong from the company. Ng Yong Kian and Lim Teck Loong are not Person Connected to him as at LPD.
- (5) Yoong Woei Yeh previously held 50.0% shareholding in Southconic Sdn Bhd. He has disposed his entire shareholding interest in Southconic Sdn Bhd in January 2020, as he intends to focus on the business of Haily Group. The shares of Southconic Sdn Bhd held by him were sold to Lim Jiani. Lim Jiani was a former employee and was an account cum admin executive in Haily Construction. Lim Jiani tendered her resignation with Haily Construction on 3 August 2020 and her employment in the company officially ended on 31 August 2020. As at the LPD, she is no longer an employee of Haily Construction. The shares of Southconic Sdn Bhd were disposed for a consideration of RM1.00 as the company had net liabilities at the time of the disposal. Lim Jiani is not a Person Connected to him as at the LPD.
- (6) Yoong Woei Yeh previously held 20.0% shareholding in Keysavour Sdn Bhd. He has disposed his entire shareholding interest in Keysavour Sdn Bhd in July 2020 to Shenton Yap Wen-Howe, who is not a Person Connected to him as at the LPD.
- (7) Yoong Woei Yeh previously held 10.0% shareholding in Biao Construction Sdn Bhd. He has disposed his entire shareholding interest in Biao Construction Sdn Bhd in January 2019 to Tay Kok Soon, who is not a Person Connected to him as at the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iv) See Swee Ling

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
Current involvement:						
Haily Holdings	Investment holding company. Its investments comprise, Haily, Springsphere Sdn Bhd, Connoisseur Towers Sdn Bhd and the investment in properties including, our Head Office	Director	1 July 2013	-	-	-
Past involvement:						
Anya Confinement Care Sdn Bhd (previously known as EvoHouse Sdn Bhd)	To undertake the business of nursing homes, confinement centre and maternity homes etc. other residential care activities ⁽¹⁾	Director and shareholder	30 October 2018	8 October 2019	-(2)	-

Notes:

- (1) During the tenure when See Swee Ling was a director, Anya Confinement Care Sdn Bhd (previously known as EvoHouse Sdn Bhd) had the principal activity of construction of buildings. However, it was dormant with no intended principal activities since its incorporation up to the disposal of shares in October 2019.
- (2) See Swee Ling previously held 50.0% shareholding in Anya Confinement Care Sdn Bhd (previously known as EvoHouse Sdn Bhd). She has disposed her entire shareholding interest in Anya Confinement Care Sdn Bhd in October 2019 to Chan Lee Fong, who is not a Person Connected to her as at the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(v) Tan Sui Huat

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
<i>Current involvement:</i>						
Mercu Senibong Sdn Bhd	Realty investment	Director and shareholder	7 January 2019	-	50.00	-
Promenade Bay Sdn Bhd	Trading of real estate properties	Director and shareholder	10 November 2003	-	42.00	-
K H Koh	Legal firm	Partner ⁽¹⁾	-	-	-	-
<i>Past involvement:</i>						
Danga World Sdn Bhd	Property investment	Director	8 September 2014	17 April 2018	-	-

Note:

(1) Tan Sui Huat is the Managing Partner of K H Koh.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vi) Ong Kheng Swee

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
Current involvement:						
Seven-S Consulting Sdn Bhd	Provision of consultancy and general insurance agency services	Director and shareholder	20 October 1998	-	50.00	50.00 ⁽¹⁾
Rigel Consulting Sdn Bhd	Provision of book-keeping services, investment and other financial consultancy services	Director and shareholder	23 May 2011	-	33.34	66.66 ⁽²⁾
Ascella Consulting Sdn Bhd	Provision of technical and management consultancy services	Director and shareholder	10 October 2010	-	33.33	-
Power Root Berhad	Investment holding company, currently listed on the Main Market of Bursa Securities and its group of companies are involve in the production and distribution of beverage products	Independent non-executive director	15 February 2008	-	0.05	0.03 ⁽³⁾
J.B. Spark Corporation Sdn Bhd	Manufacture of parts and accessories for motor vehicles ⁽⁴⁾	Shareholder	-	-	10.50	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
<i>Current involvement (Cont'd):</i>						
Solid Automotive Berhad	Investment holding company, currently listed on the Main Market of Bursa Securities and its group of companies are primarily involved in trading of automation electrical parts and components	Executive director and shareholder	12 September 2012	21 February 2020	0.419	-
Ray Go Solar Holdings Sdn Bhd	Investment holding company, incorporated for the purpose of holding of company(ies) principally involved in providing solar photovoltaics (PV) solutions for the industrial, commercial and residential sectors	Director	12 April 2021	-	-	-
<i>Past involvement:</i>						
Borneo Technical Co (M) Sdn Bhd ⁽⁵⁾	Marketing and distribution of automotive replacement parts, industrial supplies and marine products, general trading, investment holding company	Director	9 January 2019	28 February 2020	-	-
Win Soon Auto Suppliers Sdn Bhd ⁽⁵⁾	Trading in auto spare parts and accessories	Director	31 January 2019	12 February 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Current Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	As at LPD	
					Direct Interest (%)	Indirect Interest (%)
Past involvement (Cont'd):						
Win Soon Auto Suppliers (JB) Sdn Bhd ⁽⁵⁾	Dealer in auto spare parts and accessories	Director	31 January 2019	12 February 2020	-	-
Jotang Wires & Cables Sdn Bhd ⁽⁶⁾	Manufacture and dealer in wires and cables	Shareholder	-	-	3.00	-

Notes:

- (1) *Deemed interest by virtue of the shareholdings of his spouse, Foo Yit Lan pursuant to the Act.*
- (2) *Deemed interest by virtue of the shareholdings of his spouse, Foo Yit Lan and son, Ong Kar Wei pursuant to the Act.*
- (3) *Deemed interest by virtue of the shareholdings of his spouse, Foo Yit Lan pursuant to the Act.*
- (4) *J.B. Spark Corporation Sdn Bhd has ceased its operation since 2011.*
- (5) *Borneo Technical Co (M) Sdn Bhd, Win Soon Auto Suppliers Sdn Bhd and Win Soon Auto Suppliers (JB) Sdn Bhd are subsidiaries of Solid Automotive Berhad.*
- (6) *Jotang Wires & Cables Sdn Bhd was officially dissolved on 26 August 2019 pursuant to the Act.*

Save as disclosed in Section 5.2.3 of this Prospectus, our Executive Directors are not involved in other businesses/corporations. The involvements of our Executive Directors in other businesses/corporations will not affect their contributions to our Group as they are not involved in the day to day operations of other businesses/corporations. The involvement of our Independent Non-Executive Directors in other companies, will not affect their contributions to our Company as the Independent Non-Executive Directors' involvement in our Company are to the extent of attending meetings and discharging their responsibilities as independent directors. Other than See Tin Hai, Yoong Woei Yeh and See Swee Ling who are representatives of Haily Holdings, none of our Directors are representatives of our corporate shareholder.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Directors' remuneration and material benefits in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered to our Group for FYE 2019, FYE 2020 and FYE 2021 are as follows:

FYE 2019:

Name	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind and Allowances RM'000	Total RM'000
Executive Directors					
See Tin Hai	300	230	66	16	612
Yoong Woei Yeh	300	232	110	82	724
See Swee Ling	230	180	90	18	518
Non-Executive Directors					
Mohd Jaffar Bin Awang (Ismail)	-	-	-	-	-
Tan Sui Huat	-	-	-	-	-
Ong Kheng Swee	-	-	-	-	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

FYE 2020:

Name	Directors' fees⁽¹⁾ RM'000	Salaries RM'000	Bonuses RM'000	Benefits-in-kind and Allowances RM'000	Total RM'000
Executive Directors					
See Tin Hai	325	264	22	96	707
Yoong Woei Yeh	325	264	22	120	731
See Swee Ling	255	216	18	21	510
Non-Executive Directors					
Mohd Jaffar Bin Awang (Ismail)	16	-	-	3 ⁽¹⁾	19
Tan Sui Huat	15	-	-	3 ⁽¹⁾	18
Ong Kheng Swee	15	-	-	3 ⁽¹⁾	18

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Proposed for FYE 2021:

Name	Directors' fees ⁽¹⁾ RM'000	Salaries RM'000	Bonuses ⁽²⁾ RM'000	Benefits-in-kind and Allowances ⁽¹⁾ RM'000	Total RM'000
Executive Directors					
See Tin Hai	350	264	-	112	726
Yoong Woei Yeh	350	264	-	120	734
See Swee Ling	280	216	-	24	520
Non-Executive Directors					
Mohd Jaffar Bin Awang (Ismail)	48	-	-	8	56
Tan Sui Huat	46	-	-	8	54
Ong Kheng Swee	46	-	-	8	54

Notes:

(1) *Approved and to be paid in FYE 2021.*

(2) *Bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined later depending on the performance of the individuals and our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.*

The remuneration of our Directors, which includes salaries, bonuses, fees as well as other benefits and allowances, must be considered and recommended by our Remuneration Committee and subsequently be approved by the Board. Our Directors' fees and/or benefits must be further approved or endorsed by our shareholders in a general meeting.

5.2.5 Service contracts

As at the LPD, there are no existing or proposed service contracts between our Group and our Directors which provide for benefits upon termination of employment.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3 BOARD PRACTICES

According to our Constitution and the Act, at the first annual general meeting of our Group, all the Directors shall retire from office. At the annual general meeting in every subsequent year an election of Directors shall take place and one-third of the Directors for the time being, or, if their number is not 3, or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the General Meeting at which he retires. An election of Directors shall take place every year and a retiring Director shall be eligible for re-election.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

MCCG

We intend to adopt the following practices set out under the MCCG subsequent to our Listing:

MCCG Practice		Timeframe to comply
(i)	Practice 1.4 where the Chairman of the Board should not be a member of the Audit Committee, Nominating Committee or Remuneration Committee; and	We will appoint an additional independent non-executive director to our Board by 31 December 2021 (i.e., within 5 months from the date of our Listing).
(ii)	Practice 5.9 where the Board comprises at least 30% women directors.	We shall use all our best endeavour to seek, observe and identify suitable women candidate(s) to the Board and ensure that the composition of the Board comprises at least 30% of women directors within 1 year from the date of our Listing.

(i) Directors' term of office

The details of the date of appointment and the date of expiration of the current term of office for each of the Directors, as well as the period for which our Directors have served in that office are set out below:

Director	Designation	Date of appointment	No. of year(s) in office (Approximate)	Date of expiration of the current term in office ⁽¹⁾
Mohd Jaffar Bin Awang (Ismail)	Independent Non-Executive Chairman	2 September 2020	<1	At the 2 nd AGM of our Company to be held in the year 2022
See Tin Hai	Executive Director	21 February 2020	<1	At the 3 rd AGM of our Company to be held in the year 2023
Yoong Woei Yeh	CEO/ Executive Director	21 February 2020	<1	At the 4 th AGM of our Company to be held in the year 2024

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Director	Designation	Date of appointment	No. of year(s) in office (Approximate)	Date of expiration of the current term in office ⁽¹⁾
See Swee Ling	Executive Director	2 September 2020	<1	At the 2 nd AGM of our Company to be held in the year 2022
Tan Sui Huat	Senior Independent Non-Executive Director	2 September 2020	<1	At the 3 rd AGM of our Company to be held in the year 2023
Ong Kheng Swee	Independent Non-Executive Director	2 September 2020	<1	At the 4 th AGM of our Company to be held in the year 2024

Note:

(1) Subject to retirement by rotation pursuant to Clause 113 of our Constitution at the annual general meeting of our Company in the years subsequent to 2021.

(ii) Audit and Risk Management Committee

The members of our Audit and Risk Management Committee ("ARMC") are as follows:

Name	Designation	Directorship
Ong Kheng Swee	Chairman	Independent Non-Executive Director
Mohd Jaffar Bin Awang (Ismail)	Member	Independent Non-Executive Chairman
Tan Sui Huat	Member	Senior Independent Non-Executive Director

Our ARMC's terms of reference among others, include the following:

- The appointment of the external auditors, the audit fee and any questions of re-appointment, resignation or dismissal and in particular to assess the suitability and independence of the external auditors on an annual basis.
- To review with the external auditors:
 - where prior to the commencement of audit, their audit plan which shall state the nature of audit and to ensure an effective co-ordination of audit, where more than one audit firm is involved.
 - their evaluation of the system of the internal controls;
 - their audit report;
 - their management letter and management's response;
 - the assistance given by the Company's employees to the external auditors; and
 - on issues and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary) at least once a year or more frequently as necessary.
- To ensure and confirm that the management has placed no restriction on the scope of the audit and inquire into the staffing and competence of the external auditors in performing their work and assistance given by the Company's officers to the external auditors.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4. Where the external auditors are removed from office or give notice to the Company of their desire to resign as external auditors, the ARMC shall ensure that the Company notifies Bursa Securities by forwarding a copy of any written representations or written explanations of the resignation made by the external auditors at the same time as copies of such representations or explanations are submitted to the Registrar of Companies within 7 days from the submission of the written representation or notice of resignation pursuant to Section 284 of the Act.
5. To review:
 - the Annual Report, quarterly and year-end financial statements of the Company and Group and make its recommendation to the Board of Directors for their approval and announcement to Bursa Securities focusing particularly on:
 - (a) changes in or implementation of major accounting policies and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
 - (c) the going concern assumption; and
 - (d) compliance with applicable financial and accounting reporting standards and other legal requirements.
 - any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - submit an annual report to the Board of Directors summarising the Audit Committee's activities during the financial year and the related significant results and findings.
 - to carry out any other matters, as may be defined and directed by the Board from time to time.
6. Establishment of an internal audit function (whether inhouse or outsourced) which is independent of the activities it audits and in relation thereto:
 - ensure that the head of the internal audit function reports directly to the ARMC;
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - review the internal audit plan, processes, the results of the internal audit assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function and the Continuing Professional Education attended by them;
 - approve any appointment or termination of senior staff members of the internal audit function and remuneration or fee of internal audit function;
 - inform itself of changes in personnel of the internal audit staff members and make available the opportunity for resigning staff members to submit his reasons for resigning;
 - conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the company to ensure internal audits are carried out in accordance with recognized framework;
 - if internal audit function is outsourced, to consider and recommend the appointment or termination of the internal auditors, the fee and ensure adequate resources are available including staffing and competence of the internal auditors in performing their work;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- to consider the major findings of any internal investigations and management's response;
 - to meet with the internal auditors at least once a year without the presence of management to exchange opinions and for the internal auditors to convey any of their concerns;
 - review the reporting information of the contents and operations of the Anti-Bribery Management System at regular intervals and order a regular review (at least once every 3 years) of the Anti-Bribery and Anti-Corruption Policy to ensure the system is kept effective and up to date; and
 - ensure the management has adequate and appropriate resources needed for effective implementation of the Anti-Bribery Management System to fulfill and comply with the MACC Act.
7. To ensure disclosure in financial results and annual reports of the Company are in line with the principles of applicable accounting standards, Listing Requirements, the MCCG, other applicable laws, rules, directives and guidelines.
8. In relation to risk management, the functions of ARMC shall include:
- Review, assess, formulate and recommend risk management strategies, framework, policies, processes, tolerance and risk appetite limits to the Board;
 - Monitoring of Group risk exposures to ensure implementation and compliance with approved risk policies and processes of the Group, and to ensure that significant risks identified are being responded to appropriately;
 - Review status of management action(s) in mitigating significant risks identified;
 - Review and assess the adequacy and effectiveness of the risk management structure, approved risk policies, processes, and support system and to recommend such changes as may be deemed necessary to the Board;
 - Review and assess the risks associated with all proposed strategic transactions of the Group and report the same to the Board for its deliberation of the transaction;
 - To coordinate on the activities of the internal audit function of the Group in relation to the review of risk management activities and to ensure significant business risks are adequately managed by the Group to ensure internal audits are carried out in accordance with approved framework and plan;
 - To ensure adequate infrastructure, resources and systems are in place for risk management i.e. ensure that the staff responsible for implementing risk management systems perform those duties independently of our Company's risk originating activities;
 - To review the impact of risk on capital adequacy and profitability under normal and stress scenarios;
 - To assess the adequacy of the business recovery/ disaster recovery procedures;
 - Identify corporate liability risks including specific bribery risks, corruption risks and compliance risks with the MACC Act;
 - Monitor the risk control measures for corporate liabilities risks identified; and
 - Review the operational effectiveness and efficiency in protecting the Group from bribery risks and ensure legal and regulatory compliance.
9. In relation to sustainability management, the functions of ARMC shall include to:
- Oversee the establishment and activities of the Sustainability Risk Management Committee ("SRMC") and the implementation of the sustainability strategy(s) approved by the Board and to report the review results and recommendations to the Board for decision;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- Review the process and results of sustainability matters identification, assessment and management conducted by SRMC and to report the review results and recommendations to the Board for decision;
- Conduct periodic review of the material sustainability matters of the Group (at least on an annual basis or more often where circumstances require) and determine the adequacy of the response and the current status of the material sustainability matters and reporting the review results and recommendations to the Board for decision;
- Review the need to conduct full sustainability review by SRMC and recommend to the Board for decision;
- Conduct periodical review of the adequacy and effectiveness of the Group's sustainability governance structure and process to identify, assess and manage sustainability matters and reporting the review results and recommendations to the Board for decision;
- Oversee the overall management of stakeholder engagement;
- Oversee the identification of the material sustainability matters' indicator and establishment of the target and the review of sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval; and
- Direct the internal and external assurance function of the Group in relation to sustainability management and ensuring the adequacy of the resources and competency of the assurance functions.

(iii) Remuneration Committee

The members of our Remuneration Committee ("RC") are as follows:

Name	Designation	Directorship
Mohd Jaffar Bin Awang (Ismail)	Chairman	Independent Non-Executive Chairman
Tan Sui Huat	Member	Senior Independent Non-Executive Director
Ong Kheng Swee	Member	Independent Non-Executive Director

Our RC's terms of reference among others, include the following:

1. The RC shall review and recommend to the Board the remuneration package of the Executive Directors and if applicable, senior management which should be aligned with the business strategy and long term objectives of the Company. Any member of the RC who is an executive director must not participate in the deliberation and any decision on his/her own remuneration.
2. The remuneration of Non-Executive Directors will be a matter to be decided by the Board as a whole taking into account, the responsibilities, expertise and commitment, with the director concerned abstaining from the discussion and voting on decisions on his/her own remuneration.
3. To review annually the performance of the Directors and recommend to the Board the specific adjustments in remuneration and/or reward payments to be passed at a general meeting.
4. To formulate policies, guidelines and set criteria for remuneration packages for the Directors and if applicable, senior management and to ensure that they are fairly and appropriately remunerated according to the general market sentiments or conditions.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5. To review and recommend to the Board the compensation payable to the Directors and if applicable, the senior management in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
6. To ensure that all remuneration packages and benefits given to the Directors and senior management are in compliance with the laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time.
7. The Board has a RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and senior management.
8. The RC has written terms of reference which deals with its authority and duties and these terms are disclosed on the Company's website.
9. To review policies in relation to human resources, compensation and management systems of the Company. Thereafter, assess and review the implementation of the relevant policies and management systems of the Company.
10. To consider/examine/assess any other matters as the Remuneration Committee considers appropriate.

(iv) Nominating Committee

The members of our Nominating Committee ("NC") are as follows:

Name	Designation	Directorship
Tan Sui Huat	Chairman	Senior Independent Non-Executive Director
Mohd Jaffar Bin Awang (Ismail)	Member	Independent Non-Executive Chairman
Ong Kheng Swee	Member	Independent Non-Executive Director

Our NC's terms of reference among others include the following:

1. To oversee the selection criteria, recruitment process, recommend and nomination of new candidates to the Board, candidates for all directorships to be filled by the Board taking into consideration the candidates':
 - competencies, commitment, contribution and performance;
 - professionalism;
 - integrity and objectivity; and
 - in the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Directors;
 including formalising its stand and approach to boardroom diversity (including, but not limited to age, gender and ethnicity).
2. Consider in making its recommendations, candidates for directorships proposed by the Chairman/CEO and within the bounds of practicability, by any other senior executive or any Director or shareholder.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

3. Recommend to the Board, directors to fill the seats on board committee.
4. Reviewing on an annual basis, that the Board's size, composition and balance is appropriate and in particular that the required mix of skills, experience, cultural background, gender and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board are present.
5. To oversee the development, maintenance and review of the criteria to be used in the recruitment process and the annual review and assessment of the effectiveness of the Board as a whole, the committees of the Board, and the contributions of each individual director, including an assessment of the independence of the Independent Non-Executive Directors and their length of tenure in office in line with the recommendations of MCCG.
6. To make an assessment, consider justifications and make recommendations on the element of independence of an independent Director should the Board wish to retain as an independent Director, a person who has served in that capacity for more than nine years.
7. Review of Board's succession plans and facilitate induction and training programmes.
8. To assess the training needs for each of the Directors and senior management of the Company and thereafter, facilitate the appropriate training programmes in accordance to the individual Director and senior management needs.
9. To oversee the appointment, management succession planning including extending diversity across the senior management, to form a talent pipeline for Board candidacy and performance evaluation of the Board and committees.
10. Review the term of office and performance of the ARMC and each of its members annually to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

Our Board acknowledges and takes cognisance of the MCCG, which contains recommendations to improve upon or to enhance corporate governance as an integral part of the business activities and cultures of such companies. Our Board also takes cognisance of the MCCG recommendation for appointment of Board and senior management which are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4 KEY SENIOR MANAGEMENT

5.4.1 Key senior management's shareholdings in our Company

Save for See Tin Hai, our Executive Director's and Yoong Woei Yeh, our CEO/ Executive Director's shareholdings set out in Section 5.2.1 of this Prospectus above, our other key senior management's shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	Designation	Before the IPO ⁽¹⁾				After the IPO ⁽²⁾⁽³⁾			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Long Cheow Siong	Malaysian	CFO	-	-	-	-	120,000	0.07	-	-
Lim Kok Siang	Malaysian	COO	-	-	-	-	200,000	0.11	-	-

Notes:

- (1) Based on the issued share capital of 148,320,700 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 178,320,700 Shares after the IPO.
- (3) Assuming he fully subscribes for the Pink Form Shares allocated to him.

5.4.2 Profiles of key senior management

Other than the profiles of See Tin Hai and Yoong Woei Yeh which have been set out in Sections 5.1.2 and 5.2.2, respectively above, the profiles of our other key senior management are set out below:

Long Cheow Siong

Malaysian, aged 56
CFO

Long Cheow Siong, is the CFO of our Group. He qualified as a Certified Public Accountant ("CPA") with Malaysian Institute of Certified Public Accountants ("MICPA") in 1995. He is also a registered Chartered Accountant of the Malaysian Institute of Accountants ("MIA") since March 1996. Long Cheow Siong furthered his study via distance learning and successfully graduated from the University of Heriot-Watt with Master of Business Administration ("MBA") in 2000.

Long Cheow Siong started his career with KPMG PLT (then known as Peat Marwick Mitchell & Co.) in 1985 as an Articled Clerk with the view to qualify for CPA. He then left for commercial exposure where he joined Country View Berhad, a company mainly involved in the property development as a Senior Manager in Accounts and Services in December 1990. Long Cheow Siong was instrumental in the listing exercise of Country View Berhad on the Main Market of Bursa Securities in 2002.

Long Cheow Siong left Country View Berhad in July 2007 and he assumed the position of CFO with Tasek Maju Realty Sdn Bhd, a group with diversified business activities ranging from property development, hospitality to the operation of shopping malls, office building and petrol station. He was subsequently promoted to the position of the group's COO in May 2012 and at the same time, he also took up the role as the general manager of a 4-star hotel located in Johor Bahru, a hospitality unit owned by the said group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Long Cheow Siong left employment in early 2018 and pursued his own consultancy practice by setting up a consultancy firm with other partners known as ECL Advisory Services, an accounting service provider which was established in November 2017. He is currently employed in Haily Group and is not involved in the day-to-day operations of ECL Advisory Services. He joined Haily Construction as CFO in April 2019 and was appointed as CFO of our Group on 2 September 2020.

As the CFO of our Group, Long Cheow Siong was responsible for overseeing the financial and human resource management including, the establishment, maintenance and review of the financial and administrative internal controls, projection monitoring/ budget preparation, preparation and review of financial information including annual financial statements to facilitate the discharge of our Group's statutory reporting obligations, as well as treasury management and corporate finance related matters. He is also responsible to ensure that the human resource and administrative policies and practices adopted by our Group are in compliance with all statutory regulations and requirements.

His interests in other businesses are set out in Section 5.4.4 of this Prospectus.

Lim Kok Siang
Malaysian, aged 43
COO

Lim Kok Siang is the COO of our Group. In 1999, Lim Kok Siang obtained a Diploma in Quantity Surveying at Universiti Teknologi Malaysia and subsequently in 2001, he obtained a Bachelor of Science (Building) from the same university.

Lim Kok Siang started his career in May 2001 as a Site Supervisor at Malpakat Construction Sdn Bhd and was subsequently promoted to the position of Assistant Project Manager in 2001. He then left in 2004 to take the position of Project Manager when he joined Pembinaan Kamicon Sdn Bhd in 2004. In August 2007, he was employed by Total Merit Sdn Bhd as the Project Manager until March 2008. In March 2008, he joined Dynac Engineering Sdn Bhd as Contract Executive and left in March 2010.

After his departure from Dynac Engineering Sdn Bhd, he joined Haily Construction as Contract Executive in April 2010 and was subsequently promoted to the position of Contract Manager in July 2011. He took up the position of COO of Haily Construction in May 2019 and was appointed as COO of our Group on 2 September 2020.

As the COO of the Group, he is responsible for the entire project management activities of our Group and liaison with the relevant authorities to obtain the requisite approvals. Lim Kok Siang is also responsible for the planning, organising, directing and overseeing operation of our Group's projects management which includes project budgeting, planning and allocation of manpower and resource requirements as well as project scheduling.

His interests in other businesses are set out in Section 5.4.4 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.3 Key senior management's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered / to be rendered to our Group in all capacities for the FYE 2019, FYE 2020 and FYE 2021 are as follows:

FYE 2019:

Name of Key Senior Management	Remuneration RM'000	Bonus RM'000	Benefits-in-kind RM'000
Long Cheow Siong	150 - 200	0 - 50	-
Lim Kok Siang	150 - 200	50 -100	4

FYE 2020:

Name of Key Senior Management	Remuneration RM'000	Bonus RM'000	Benefits-in-kind RM'000
Long Cheow Siong	200 - 250	0 - 50	9
Lim Kok Siang	200 - 250	0 - 50	7

Proposed for FYE 2021:

Name of Key Senior Management	Remuneration RM'000	Bonus ⁽¹⁾ RM'000	Benefits-in-kind RM'000
Long Cheow Siong	200 - 250	-	17
Lim Kok Siang	200 - 250	-	9

Note:

1. Bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined later depending on the performance of the individuals and our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.4 Involvement of key senior management in other businesses/ corporations

Other than the involvement of See Tin Hai and Yoong Woei Yeh which have been set out in Section 5.2.3 above, our other key senior management are not involved in other principal business activities outside our Group for the past 5 years prior to the LPD save as disclosed below:

(i) Long Cheow Siong

Company	Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	Direct Interest (%)	Indirect Interest (%)
<u>Current involvement:</u>						
Iconic Skyline Sdn Bhd	Property investment	Director and shareholder	10 October 2013	-	70.00	30.00 ⁽¹⁾
Tayar Dan Bateri Universal Sdn Bhd	Sales of tyres, batteries, sports rims and accessories for all kinds of motor vehicles	Director and shareholder	18 July 1995	11 June 2010	20.00	-
ECL Advisory Services	Business consultancy services	Partner ⁽⁴⁾	-	-	-	-
<u>Past involvement:</u>						
Tasek Management Services Sdn Bhd	Property management services, provide, supply and sell electricity, water and chilled water for air conditioning	Director	28 October 2013	24 January 2018	-	-
Clover Success Sdn Bhd ⁽²⁾	Coin laundry business.	Director	6 July 2015	31 January 2019	-	25.00 ⁽³⁾

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Deemed interest by virtue of the shareholdings of his daughter, Long Li Jia pursuant to the Act.
- (2) Clover Success Sdn Bhd went into voluntary liquidation on 31 October 2018 and consequently, was wound up on 31 January 2019.
- (3) Deemed interest by virtue of his shareholdings in Iconic Skyline Sdn Bhd pursuant to the Act.
- (4) Long Cheow Siang is a partner in ECL Advisory Services, an accounting service provider, since its establishment in November 2017. He is currently employed in Haily Group and is not involved in the day-to-day operations of ECL Advisory Services.

(ii) Lim Kok Siang

Company	Principal Activities	Position Held/ Involvement	Date Appointed as Director	Date Resigned as Director	Direct Interest (%)	Indirect Interest (%)
Current involvement:						
Celestial Aurous Sdn Bhd	Wholesale of a variety of goods without any particular specialization; and other retail sale in non-specialized stores	Shareholder	-	-	6.00	-
Past involvement:						
Anya Confinement Care Sdn Bhd (previously known as EvoHouse Sdn Bhd)	To undertake the business of nursing homes, confinement centre and maternity homes etc. other residential care activities ⁽¹⁾	Director	30 October 2018	8 October 2019	50.00 ⁽²⁾	-

Notes:

- (1) During the tenure when Lim Kok Siang was a director, Anya Confinement Care Sdn Bhd (previously known as EvoHouse Sdn Bhd) had the principal activity of construction of buildings. However, it was dormant with no intended principal activities since its incorporation up to the disposal of shares in October 2019.
- (2) Lim Kok Siang has disposed his entire shareholding interest in Anya Confinement Care Sdn Bhd in October 2019 to Chin Teck Liang, who is not a Person Connected to him as at the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

The involvement of our key senior management in other business activities will not affect their contribution to our Group and would not be expected to affect their executive roles and responsibilities to our Group as they are not actively involved in the management and day to day operations of the businesses.

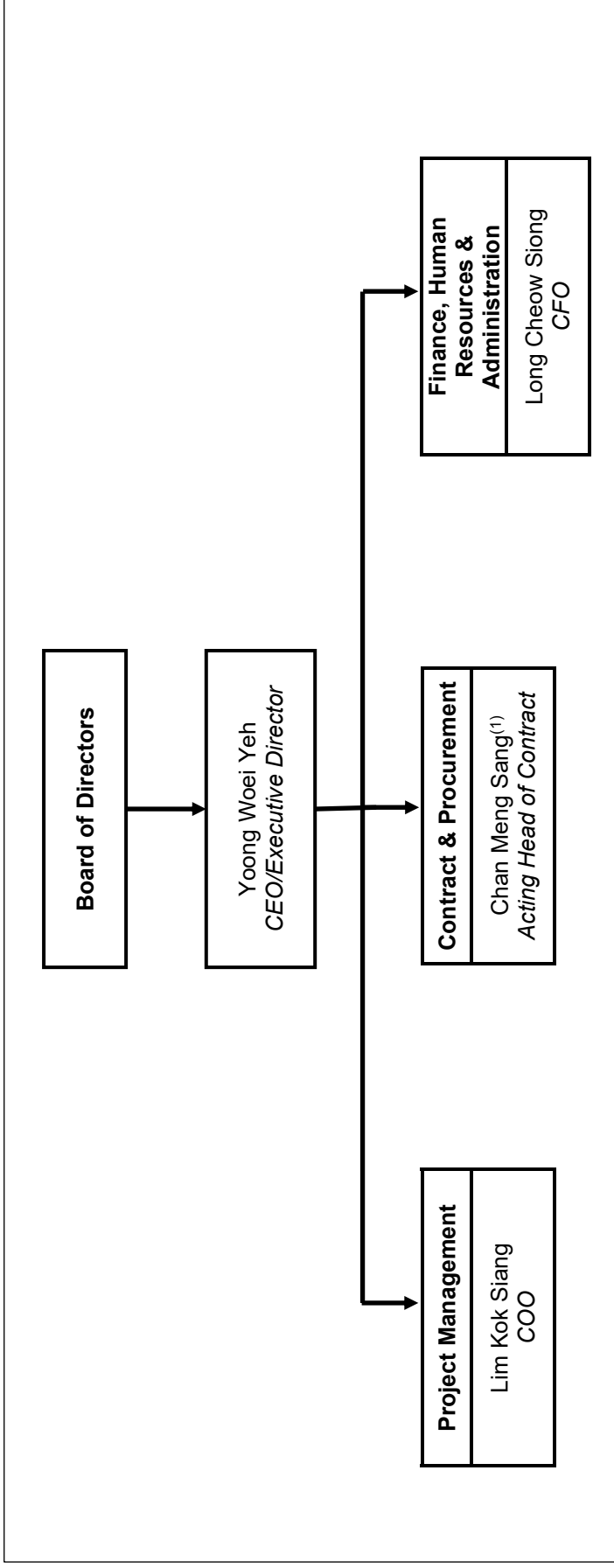
5.4.5 Service contracts

As at the LPD, there are no existing or proposed service contracts between the company within our Group and our key senior management which provide for benefits upon termination of employment.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.6 Management reporting structure



Note:

(1) Yoong Woei Yeh is currently, overseeing the Contract & Procurement Department and consequently, Chan Meng Sang will report directly to Yoong Woei Yeh.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and key senior management is or have been involved in any of the following events (whether in or outside Malaysia) as at the LPD:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or member of key senior management;
- (ii) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgement was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

5.6 FAMILY RELATIONSHIPS AND/OR ASSOCIATIONS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no family relationships and/or associations between any of our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

Name	Position	Relationship
See Tin Hai	Promoter, substantial shareholder and Executive Director	Spouse of Kik Siew Lee, father of See Swee Ling and father-in-law of Yoong Woei Yeh
Kik Siew Lee	Promoter and substantial shareholder	Spouse of See Tin Hai, mother of See Swee Ling and mother-in-law of Yoong Woei Yeh
Yoong Woei Yeh	CEO/ Executive Director	Son-in-law of See Tin Hai and Kik Siew Lee, spouse of See Swee Ling
See Swee Ling	Executive Director	Daughter of See Tin Hai and Kik Siew Lee, spouse of Yoong Woei Yeh

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

Our Company was incorporated under the name of Haily Group Sdn Bhd in Malaysia on 21 February 2020 under the Act as a private limited company. Subsequently on 25 August 2020, our Company was converted to a public limited company to embark on the Listing on the ACE Market of Bursa Securities.

We are principally an investment holding company. As at the LPD, we only have two subsidiaries, namely Haily Construction and Haily Machinery. Through our subsidiaries, we are principally involved in the following:

- building construction of residential and non-residential buildings; and
- provision of rental of construction machinery.

There has been no material change in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

Please refer to Section 7.1 of this Prospectus for detailed information of our Group's history.

6.2 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, the details of our Listing Scheme are as follows:

6.2.1 Internal reorganisation exercise

6.2.1.1 Allotment of Shares to the Promoter

By a resolution dated 24 July 2020, Haily approved the issuance of 99 Shares to Haily Holdings. The Shares were issued and allotted to Haily Holdings on 24 July 2020.

6.2.1.2 Acquisition of Haily Construction

We carried out an internal reorganisation exercise which included inter alia, the acquisition of Haily Construction prior to our Listing ("Acquisition of Haily Construction").

By a conditional share sale agreement dated 24 July 2020, Haily acquired the entire issued share capital of Haily Construction from Haily Holdings for a total purchase consideration of RM41,529,768 which was satisfied entirely by the issuance of 148,320,600 new Shares, credited as fully paid-up at an issue price of RM0.28 per Share, to Haily Holdings in the manner as set out below:

Haily Construction's Vendor	No. of shares held in Haily Construction	%	No. of Haily Shares issued
Haily Holdings	1,500,000	100	148,320,600

The Acquisition of Haily Construction was completed on 24 August 2020. Thereafter, Haily Construction and Haily Machinery (by virtue of it being a wholly-owned subsidiary of Haily Construction) became our wholly-owned subsidiaries. The total purchase consideration of RM41,529,768 for the Acquisition of Haily Construction was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Haily Construction and Haily Machinery as at 31 December 2019 (after consolidation adjustments) of RM44,029,793 less the distribution of interim dividend of RM2,500,000 on 1 April 2020.

6. INFORMATION ON OUR GROUP (CONT'D)

The new Shares issued pursuant to the Acquisition of Haily Construction rank *pari passu* in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of new Shares.

6.2.2 Public Issue

Pursuant to the Public Issue, we shall issue 30,000,000 Public Issue Shares at our IPO Price to be allocated in the following manner:

- (i) 8,920,000 Public Issue Shares will be offered to the Malaysian Public by way of balloting, of which at least 50% will be set aside for Bumiputera investors;
- (ii) 10,000,000 Public Issue Shares will be made available for application by the Eligible Parties; and
- (iii) 11,080,000 Public Issue Shares will be made available for private placement to the selected Bumiputera investors approved by MITI and the selected investors.

Upon completion of our Public Issue, our share capital will increase from RM41,529,868 comprising 148,320,700 Shares to RM61,929,868 comprising 178,320,700 Shares.

6.2.3 Offer for Sale

Concurrently with our Listing, the Offeror will undertake an Offer for Sale of 18,000,000 Offer Shares at our IPO Price by way of private placement to the selected Bumiputera investors approved by MITI and the selected investors.

6.2.4 Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM61,929,868 comprising 178,320,700 Shares shall be listed on the ACE Market of Bursa Securities.

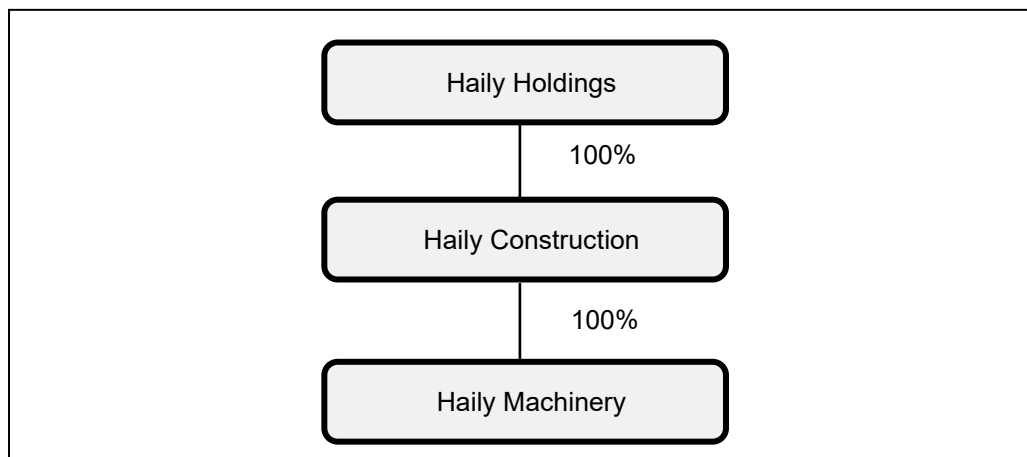
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6. INFORMATION ON OUR GROUP (CONT'D)

6.3 OUR GROUP STRUCTURE

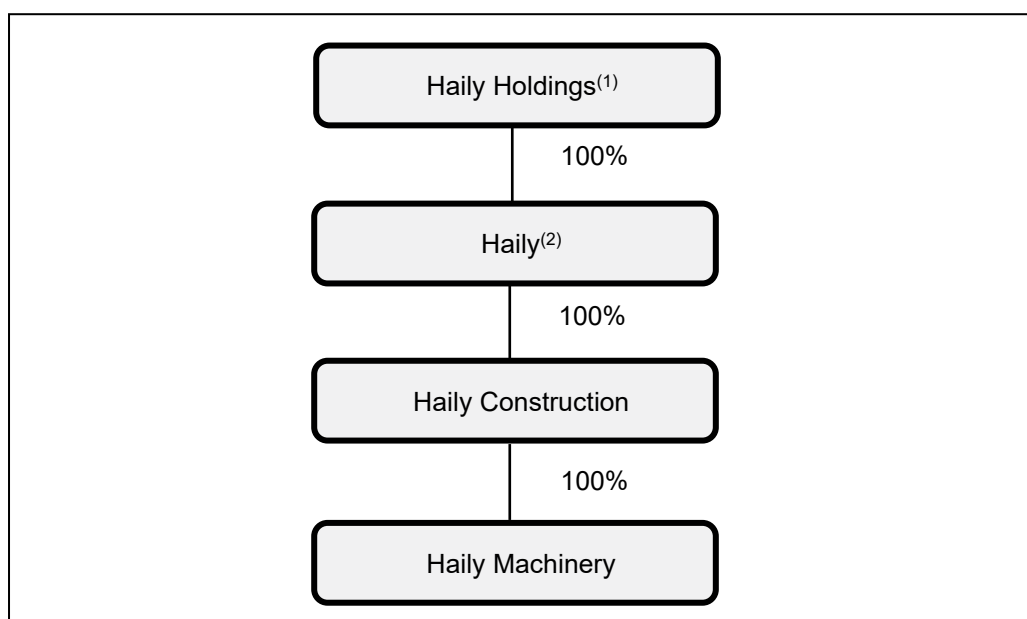
6.3.1 Group structure before internal reorganisation exercise

Our Group's corporate structure before the internal reorganisation exercise was as follows:



6.3.2 Group structure after internal reorganisation exercise

Our Group structure after completion of the internal reorganisation exercise is as follows:



Notes:

(1) Promoter and substantial shareholder.

(2) Upon the Listing, Haily will be listed on the ACE Market.

As at the date of this Prospectus, our Company does not have any associates. Further details of our subsidiaries are set out in Section 6.5 of this Prospectus.

6. INFORMATION ON OUR GROUP (CONT'D)

6.4 OUR SHARE CAPITAL

As at the date of this Prospectus, our issued share capital is RM41,529,868 comprising 148,320,700 Shares. Pursuant to our Public Issue, our issued share capital will increase to RM61,929,868 comprising 178,320,700 Shares.

The changes in the issued share capital of our Company since our incorporation are as follows:

Date of allotment	No. of Shares allotted	Value per Share (RM)	Type of issue / Consideration	Cumulative issued share capital (RM)
21 February 2020	1	1.00	Subscribers' shares/ RM1	1
24 July 2020	99	1.00	Issue for cash/ RM99	100
24 July 2020	148,320,600	0.28	Pursuant to the internal reorganisation exercise/ RM41,529,768	41,529,868

There were no outstanding warrants, options, convertible securities or uncalled capital in respect of the shares in our Company as at the LPD. There were no discounts, special terms or instalment payment terms applicable to the consideration given for the shares allotted.

6.5 OUR SUBSIDIARIES

Our subsidiaries as at the LPD are as follows:

Name	Date and country of incorporation	Issued share capital (RM)	Our Company's effective interest (%)	Principal place of business	Principal activities
Subsidiaries of Haily:					
Haily Construction	10 May 2007 Malaysia	1,500,000	100	Malaysia	Building construction of residential and non-residential buildings.
Haily Machinery	2 August 2011 Malaysia	500,000	100	Malaysia	Provision of rental of construction machinery.

6.5.1 Haily Construction

(a) Background, history and principal activities

Haily Construction was incorporated in Malaysia on 10 May 2007 under the Companies Act 1965 as a private company limited by shares and is deemed registered under the Act under the name of Syarikat Haily Construction Sdn Bhd. It changed its name to its present name on 1 November 2012. Haily Construction's principal activity is building construction of residential and non-residential buildings.

The principal place of business of Haily Construction is No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor. Haily Construction commenced its operations in year 2008 and there has been no material change in the manner in which Haily Construction conducts its business or activities since the last 3 years prior to the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)

(b) Share capital

As at the LPD, the issued share capital of Haily Construction is RM1,500,000.00 comprising 1,500,000 ordinary shares. There is no change in the issued share capital of Haily Construction during the Financial Years Under Review up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Haily Construction. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

(c) Substantial shareholder

Haily Construction is a wholly-owned subsidiary of Haily with the completion of the Acquisition of Haily Construction.

(d) Directors

As at the LPD, the Directors of Haily Construction are See Tin Hai, Kik Siew Lee, Yoong Woei Yeh and See Swee Ling.

(e) Subsidiary and associate

As at the LPD, Haily Machinery is a wholly-owned subsidiary of Haily Construction and Haily Construction does not have any associate companies.

6.5.2 Haily Machinery**(a) Background, history and principal activities**

Haily Machinery was incorporated in Malaysia on 2 August 2011 under the Companies Act 1965 as a private company limited by shares and is deemed registered under the Act under the name of Syarikat Haily Machinery Sdn Bhd. It changed its name to its present name on 1 November 2012. Haily Machinery is principally involved in the provision of rental of construction machinery. There has been no material change in the manner in which Haily Machinery conducts its business or activities since the last 3 years prior to the LPD.

The principal place of business of Haily Machinery is No. 3339, Jalan Pekeliling Tanjung 27, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor. Haily Machinery commenced its operations in year 2011.

(b) Share capital

As at the LPD, the issued share capital of Haily Machinery is RM500,000.00 comprising 500,000 ordinary shares. There is no change on the issued share capital of Haily Machinery during the Financial Years Under Review up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Haily Machinery. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

6. INFORMATION ON OUR GROUP (CONT'D)

(c) Substantial shareholder

Haily Machinery is a direct wholly-owned subsidiary of Haily Construction which in turn an indirect wholly-owned subsidiary of Haily upon the completion of the Acquisition of Haily Construction.

(d) Directors

As at the LPD, the Directors of Haily Machinery are See Tin Hai and Kik Siew Lee.

(e) Subsidiaries and associate

As at the LPD, Haily Machinery has no subsidiaries/ associates.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Act on 21 February 2020 as a private limited company under the name of Haily Group Sdn Bhd and was subsequently converted to a public limited company on 25 August 2020. Our Company is an investment holding company.

Our Group, through our wholly-owned subsidiary namely Haily Construction is primarily involved in the building construction of residential and non-residential buildings. Residential buildings consist of single and multi-dwelling buildings while non-residential buildings consist of commercial, purpose-built, industrial and institutional buildings. As a G7 CIDB registered main contractor for residential and non-residential building construction projects, we are responsible for the total project including the external built-environment covering civil works and infrastructure within the project area, as well as the physical buildings.

Our Group's history can be traced back to 2007 when Haily Construction was founded by our Promoters, See Tin Hai, our Executive Director and his wife, Kik Siew Lee. In 2012, Haily Construction became a wholly-owned subsidiary of Haily Holdings when our Promoters transferred 100% of their equity interest in Haily Construction to Haily Holdings. Pursuant to the Acquisition of Haily Construction in 2020, Haily acquired 100% of Haily Construction's equity interest.

Our Promoters, See Tin Hai and Kik Siew Lee incorporated Haily Machinery together with another shareholder, namely, Tan Thiam Shoo. Subsequently in 2011, Haily Machinery allotted new shares to Tong Sin Chin and Yoong Woei Yeh. The shareholdings held by See Tin Hai, Kik Siew Lee, Tan Thiam Shoo, Tong Sin Chin and Yoong Woei Yeh in Haily Machinery then were 40.0%, 10.0%, 30.0%, 10.0% and 10.0%, respectively. The equity interest of Haily Machinery was progressively acquired by Haily Construction between 2012 to 2019 from the individual shareholders by Haily Construction. Tan Thiam Shoo and Tong Sin Chin ceased to be shareholders of Haily Machinery in 2012 and 2014, respectively as Tan Thiam Shoo decided to pursue his other business in 2012 and Tong Sin Chin resigned on 30 June 2014. Haily Machinery became a wholly-owned subsidiary of Haily Construction in 2019. Haily Machinery is principally involved in the provision of rental of construction machinery.

The table below sets out the key events and milestones in the history and development of our business:

Year	Key Events and Milestones
2007 to 2008	<ul style="list-style-type: none"> Haily Construction was incorporated in May 2007 and commenced operations in 2008 as a contractor of building construction works and a registered contractor with CIDB. In 2008, we commenced construction for residential and non-residential buildings including the construction of 4 blocks of 4-storey purpose-built buildings comprising 28 units within the building used for breeding of swiftlet in Mersing, Johor. The construction was completed in 2009.
2009	<ul style="list-style-type: none"> We secured our first of several contracts for the Taman Sri Pulai Perdana 2 Project (residential building construction) and Sierra Perdana Project (residential and commercial building construction).
2011	<ul style="list-style-type: none"> Haily Machinery was incorporated and the company is principally involved in the provision of rental of construction machinery. Haily Machinery was incorporated with the intention to provide rental of construction machinery for Haily Construction (i.e., our Group's own use) and to external parties. Nevertheless, during the Financial Years Under Review, the revenue generated by Haily Machinery from external parties was minimal, ranging between RM1,000 and RM31,000.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key Events and Milestones
2012	<ul style="list-style-type: none"> We secured our first contract for the construction of a high-rise building construction project, a 19-storey apartment namely Summerscape Johor Bahru Project which was completed in 2015.
2014	<ul style="list-style-type: none"> We secured our first contract for the construction of industrial building, the I-Synergy Business Park Project. The construction was completed in 2016. We secured our first contract for the construction of a serviced apartment namely the Project Plentong High Rise Phase 1 and the construction was completed in 2017.
2016	<ul style="list-style-type: none"> We secured the Project Plentong High Rise Phase 2 and the construction was completed in 2020.
2018	<ul style="list-style-type: none"> We secured our first affordable housing project under the Rumah Mampu Milik Johor (RMMJ) scheme, namely 143 RMMJ Taman Nusa Sentral Project. The construction was completed in March 2020. In the same year, we secured the 66 PKJ Taman Nusa Sentral Project, an affordable housing project under the Perumahan Komuniti Johor (PKJ) scheme. The construction was completed in March 2020. For the Financial Years Under Review, all our revenue contributions were from the private sector for the construction of residential and non-residential buildings.
2019	<ul style="list-style-type: none"> We were accredited ISO 9001:2015 quality management system for the provision of construction services for buildings and infrastructure which was valid from 5 December 2019 to 5 December 2022.

7.2 AWARDS AND RECOGNITIONS

Since the commencement of our business operations in 2008, we obtained the following awards and recognitions:

Year	Recognition	Assessing Body
2011	Achieved CONQUAS score of 74.8 points (out of a total of 100 points) for architectural works for the Taman Sri Pulai Perdana 2 – Parcel C Project	Building and Construction Authority of Singapore
2011	Achieved CONQUAS score of 80.6 points (out of a total of 100 points) for architectural works for the Nusa Duta – Phase 3A1 & 3B1 Project	Building and Construction Authority of Singapore
2015	Achieved CONQUAS score of 80.2 points (out of a total of 100 points) for architectural works for the Nusa Duta – Phase 4 & 5B1 Project	Building and Construction Authority of Singapore
2018	Achieved QCLASSIC score of 83% for the 182 DSTH Taman Austin Duta Project	CIDB
2019	Achieved a “Three Star” SHASSIC award with a score of 73% for the 236 DSTH Meridin East – Parcel 1H Project	CIDB
2019	Top 10 recipients of the SME100 Malaysia Fast Moving Companies Awards 2019	Business Media International

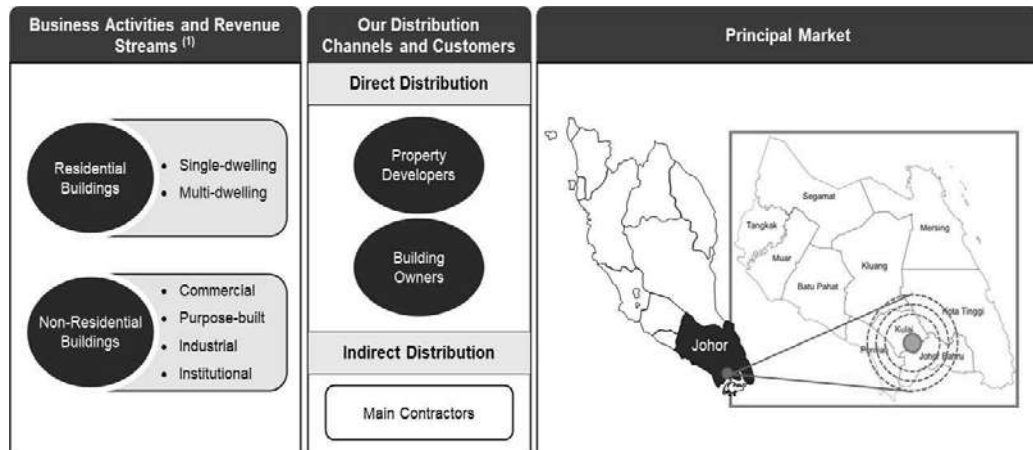
7. BUSINESS OVERVIEW (CONT'D)

Year	Recognition	Assessing Body
2020	Achieved Grade A with a score of 89.7% (out of a total of 100%) for our Head Office building on 17 September 2020.	DOSH

7.3 OVERVIEW OF OUR BUSINESS

7.3.1 Our business model

Our business model is as follows:



Note:

(1) Revenue contribution from building construction accounts for approximately 99% for the Financial Years Under Review.

7.3.2 Business activities and revenue streams

As a building construction contractor, we are responsible for the overall project including project management from planning, appointment of subcontractors, procurement of labour and materials, and monitoring all stages of construction works to ensure the completion of works and up to project handover to customer. We are principally a main contractor involved in the construction of residential and non-residential buildings.

For the Financial Years Under Review and up to the LPD, we have carried out the construction of the following types of buildings:

- Residential consisting of:
 - (a) single-dwelling buildings including terrace, cluster, semi-detached and detached houses; and
 - (b) multi-dwelling buildings, namely high-rise apartments.
- Non-residential consisting of:
 - (a) commercial buildings including commercial complex, shop offices, serviced apartments and terrace villas;
 - (b) purpose-built buildings including workers' dormitory, sales gallery and clubhouse;
 - (c) industrial buildings including factories; and
 - (d) institutional building namely a school⁽¹⁾.

Note:

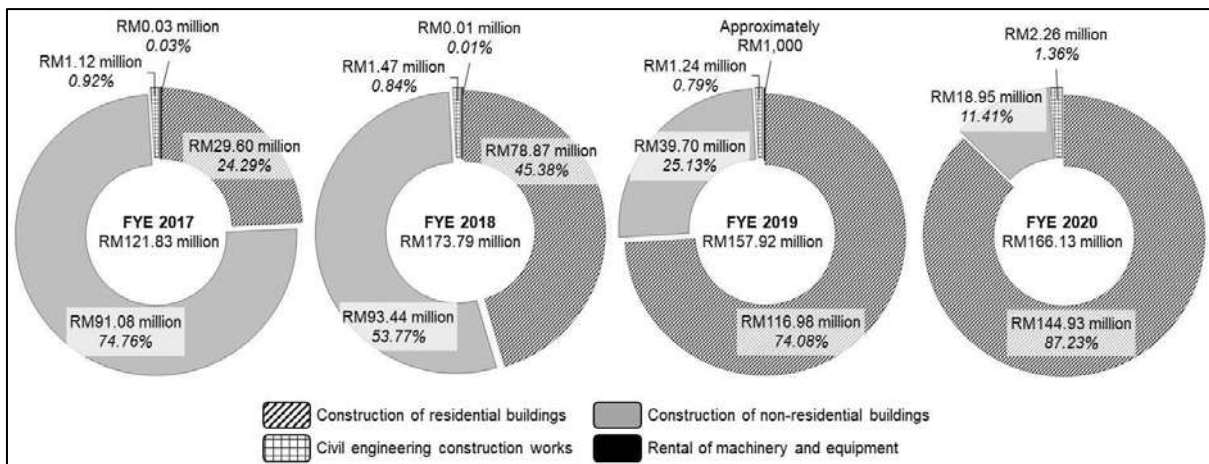
(1) Newly secured project as the letter of award was accepted in May 2021.

7. BUSINESS OVERVIEW (CONT'D)

Please refer to Section 7.5.9 of this Prospectus for further details on our completed, on-going and new building construction projects for the Financial Years Under Review and up to the LPD.

Revenue from building construction accounted for 99.05%, 99.15%, 99.21% and 98.64% of our total Group revenue for FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively. Less than 1.50% of our revenue was derived from civil engineering construction works and rental of machinery and equipment for the Financial Years Under Review. Our civil engineering construction works mainly involved the refurbishment and conversion of existing sales gallery to food court, construction of underground on-site detention tank and construction of perimeter fencing and security guardhouse, as well as rectification and extension works for existing buildings. We also derived revenue from the rental of machinery and equipment to other building contractors. For the Financial Years Under Review, all our revenue contributions were from the private sector for the construction of residential and non-residential buildings.

Our revenue segmentation for the Financials Years Under Review are as follows:



Our revenue segmentation by business activities for the Financial Years Under Review are as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Building construction	120,675	99.05	172,309	99.15	156,675	99.21	163,875	98.64
Residential buildings	29,597	24.29	78,871	45.38	116,981	74.08	144,926	87.23
Non-residential buildings	91,078	74.76	93,438	53.77	39,694	25.13	18,949	11.41
Others	1,157	0.95	1,478	0.85	1,243	0.79	2,257	1.36
Civil engineering construction works	1,126	0.92	1,469	0.84	1,242	0.79	2,257	1.36
Rental of machinery and equipment	31	0.03	9	0.01	1	-(1)	-	-
Total	121,832	100.00	173,787	100.00	157,918	100.00	166,132	100.00

Note:

(1) Negligible

For FYE 2017 and FYE 2018, the revenue contributions from the non-residential segment were higher compared to the residential segment, this was mainly from 2 completed serviced apartment projects, namely Project Plentong High Rise Phase 1 and Phase 2.

7. BUSINESS OVERVIEW (CONT'D)

The revenue from the residential building construction projects increased from RM29.60 million in FYE 2017 to RM78.87 million in FYE 2018 and continued to increase to RM116.98 million in FYE 2019 and increased to RM144.93 million in FYE 2020. This was mainly contributed by the residential building construction segment.

Between January and June 2021, our Group secured 6 new contracts, including 3 new residential building construction projects, namely the 122 DSTH Bandar Putra Project with a total contract value of RM20.28 million, 217 DSTH Taman Mutiara Maju Project with a total contract value of RM38.08 million and 206 DSTH Gelang Patah Project with a total contract value of RM51.46 million, and 3 new non-residential building construction projects, namely the 147 DSTV Aurora Sentral Project for RM45.08 million, Aurora Sentral Clubhouse Project for RM6.74 million and SJK (C) Sim Mow Yu Project for RM6.65 million. As at 10 June 2021, we have 18 on-going building construction projects and 2 civil engineering related construction projects with a total unbilled order book of RM249.58 million, which are expected to be completed progressively between 2021 and 2023. Of the RM249.58 million, 52.49% was from the residential building construction projects and the non-residential building construction projects accounted for 47.46%, and the remaining 0.05% from 2 civil engineering related construction projects.

Please refer to Section 7.5.9.1 and Section 7.5.9.2 for further details on our completed and on-going projects and Section 12.3.1 for further details on revenue segmentation analysis.

7.3.3 Our distribution channels and customers

We mainly utilise direct distribution channel for our marketing activities, which represented 93.33%, 93.90%, 82.53% and 82.12% of our total revenue for FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively. Direct distribution channel is where we secure contracts directly from property developers or building owners. Within the direct distribution channel strategy, we focus our sales, marketing and operational activities directly with the ultimate project decision makers where we assumed the position of the main contractor responsible for the completion of the overall project including overall project management from planning, selection and appointment of external contractors, procurement of labour and materials, as well as monitoring of all stages of construction works to ensure the completion of project before handover to customer.

We also utilise indirect distribution channel which represented 6.67%, 6.10%, 17.47% and 17.88% of our total revenue for FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively. Our indirect channels are related to projects secured with the main contractors and we are the subcontractor for these projects. As a subcontractor for building construction projects, we are still responsible for the total construction project up to the completion of building construction, with the exception of submission and obtaining the necessary approvals and permits.

Our revenue segmentation by distribution channels for the Financial Years Under Review are as follows:

	FYE 2017		FYE 2018		FYE 2019		FYE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct distribution channel	113,712	93.33	163,189	93.90	130,325	82.53	136,435	82.12
Indirect distribution channel	8,120	6.67	10,598	6.10	27,593	17.47	29,697	17.88
Total	121,832	100.00	173,787	100.00	157,918	100.00	166,132	100.00

Please refer to Section 7.14.2 of this prospectus for further details.

7. BUSINESS OVERVIEW (CONT'D)

7.3.4 Principal market

For the Financial Years Under Review, our revenue was derived from projects located in Johor, Malaysia.

7.4 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTH

(i) We have an established track record as an experienced building contractor in Johor

We have a proven track record as an experienced building contractor, demonstrated by the fact that we have completed a total 65 building construction projects with a total contract value of RM1.29 billion since 2008. As a main contractor, we are responsible for the full scope of building construction, spanning across residential single and multi-dwelling buildings, and non-residential buildings include purpose-built, commercial, industrial and institutional buildings.

Since the commencement of business in 2008 and up to 10 June 2021, we have completed a total of 65 building construction projects and have 18 on-going building construction projects as well as 2 civil engineering related construction projects. As stated in Section 7.3.2 above, we continued to secure new building construction projects in 2021, including 3 residential building construction projects namely, the 122 DSTH Bandar Putra Project, 217 DSTH Taman Mutiara Maju Project and 206 DSTH Gelang Patah Project, and 3 non-residential building construction projects, namely the 147 DSTV Aurora Sentral Project, Aurora Sentral Clubhouse Project and SJK (C) Sim Mow Yu Project.

The details on the types of building that we have completed and on-going projects are as follows:

	Completed projects as at 10 June 2021 <i>Units/lots</i>	On-going projects as at 10 June 2021 <i>Units/lots</i>	Total as at 10 June 2021 <i>Units/lots</i>
Residential buildings			
Single-dwelling			
Terrace and cluster house			
- <i>Single storey</i>	96	120	216
- <i>2-storey</i>	1,624	1,376	3,000
- <i>3-storey</i>	140	-	140
Semi-detached			
- <i>Single storey</i>	30	30	60
- <i>2-storey</i>	282	-	282
- <i>3-storey</i>	-	28	28
Detached house	28	1	29
Multi-dwelling			
High-rise apartment	1 block of 19-storey/ 70 units	-	70
Non-residential buildings			
Commercial			
Serviced apartments	2 blocks of 25-storey /1,120 units	-	1,120
Commercial complex	3 blocks of 5-storey/ 36 lots	-	36
Shop office	948	190	1,138
Terrace villas	-	147	147

7. BUSINESS OVERVIEW (CONT'D)

	Completed projects as at 10 June 2021 Units/lots	On-going projects as at 10 June 2021 Units/lots	Total as at 10 June 2021 Units/lots
Purpose-built			
Workers' dormitory	2 blocks of 5-storey	2 blocks of 5-storey	4 blocks of 5-storey
Sales gallery	5	-	5
Clubhouse	-	1	1
Industrial buildings			
Factory	68	-	68
Institutional building			
School	-	1 block of 3-storey	1 block of 3-storey

Our established track record in completing various types of building construction projects provide us with reference sites to grow our business. Please refer to Section 7.5.9 of this Prospectus for further details on the completed and on-going projects.

(ii) We have a track record in providing quality construction works

As a building construction contractor, we are committed to provide quality construction works. This is in line with our ISO 9001:2015 certification. In addition, we have received QLASSIC and SHASSIC from CIDB, as well as CONQUAS from Building and Construction Authority of Singapore for specific building construction projects in Johor, which serve as testimonials for the quality of our work. Please refer to Section 7.2 of this Prospectus for further details on the awards and recognition.

Our proven track record in our quality is also demonstrated by our ability to maintain repeat customers since 2008. We continue to secure projects from repeat customers, among others, including subsidiaries of public listed companies such as Mah Sing group of companies, Country View Resources Sdn Bhd, IOI group of companies, IJM Properties Sdn Bhd, as well as other private companies such as WB Land Sdn Bhd, Danau Homes Sdn Bhd and Connoisseur Food Generation Sdn Bhd (formerly known as Connoisseur Land Sdn Bhd). Please refer to Section 7.5.9 of this Prospectus for further details on the completed and on-going projects relating to repeat customers, and Section 7.18 of this Prospectus for further details on the major customers.

(iii) We can carry out building construction projects as a main contractor

We are principally a main contractor involved in the construction of residential and non-residential buildings. For the FYE 2017, FYE 2018, FYE 2019 and FYE 2020, revenue from jobs where we were the main contractor accounted for 93.33%, 93.90%, 82.53% and 82.12% of our total revenue respectively. In addition, we are registered as a Grade 7 contractor with CIDB which allows us to bid and carry out building construction projects of any size.

Our track record as a main contractor together with our Grade 7 contractor status will facilitate our bidding for higher value projects as a main contractor compared to subcontracting projects.

7. BUSINESS OVERVIEW (CONT'D)

(iv) We have experienced Executive Directors and key senior management

We have experienced Executive Directors and key senior management headed by our CEO/ Executive Director, Yoong Woei Yeh, who has approximately 19 years of experience in the construction industry. Our Promoter, See Tin Hai is our Executive Director and founder of Haily Construction who brings with him relevant experiences when he started his involvement in building renovation works and general construction in 1980 before he incorporated Haily Construction in 2007. Our other Executive Director, See Swee Ling, brings with her approximately 12 years of experience in accounts, administrative and human resources functions.

Our key senior management team includes the following:

- Long Cheow Siong, our CFO, is responsible for finance related matters including financial and administrative internal controls, and projection monitoring/ budget preparation, treasury management and corporate finance related matters as well as compliance with all statutory regulations and requirements in relation to administrative and human resource functions. He brings with him approximately 31 years of experience in the accounting and finance matters.
- Lim Kok Siang, our COO, is responsible for project management which include project budgeting, planning and allocation of manpower and resources requirement as well as project scheduling. He brings with him approximately 20 years of experience in quantity surveying, contract management and procurement within the construction industry.

The aforementioned individuals will help to sustain our business and provide the platform for business expansion.

(v) We have on-going projects to sustain us at least for the near term

As at 10 June 2021, we have 20 on-going projects with a total contract value of RM460.04 million, comprising the following:

- 18 building construction projects with a total secured contract value of RM459.40 million, including residential single-dwelling building and non-residential, namely shop office, workers' dormitory, terrace villas, clubhouse and school construction projects. These projects are expected to be completed progressively between 2021 and 2023.
- 2 civil engineering construction projects with a contract value of RM0.64 million for perimeter fencing and security guardhouse and remedial works for 2 units of TNB double chamber substation. Both these projects are expected to be completed by 2022 and within fourth quarter of 2021, respectively.

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7. BUSINESS OVERVIEW (CONT'D)

	Secured Contract Value as at 10 June 2021 RM million	Order Book of Unbilled Value as at 10 June 2021 ⁽¹⁾ RM million	Contract value recognised up to 10 June 2021 RM million	Contract value expected to be recognised	
				10 June 2021 to 31 December 2021 RM million	FYE 2022 RM million
Residential	308.10	131.00	177.10	64.66	63.77
Single-dwelling buildings					
Terrace house and cluster house	281.05	126.73	154.32	60.75	63.41
Semi-detached and detached house	27.05	4.27	22.78	3.91	0.36
Non-residential	151.30	118.46	32.84	54.91	60.45
Commercial buildings					
Shop office	71.93	46.44	25.49	20.78	23.59
Terrace villas	45.08	44.97	0.11	14.32	29.75
Purpose-built buildings					
Dormitory	20.90	13.70	7.20	13.70	-
Clubhouse	6.74	6.72	0.02	2.14	4.45
Institutional building					
School	6.65	6.63	0.02	3.97	2.66
Others	0.64	0.12	0.52	0.11	0.01
Civil engineering construction	0.64	0.12	0.52	0.11	0.01
TOTAL	460.04	249.58	210.46	119.68	124.23
					5.67

Note:

⁽¹⁾ The order book of unbilled value as at 10 June 2021 represents the remaining contract value to be recognised from FYE 2021 to FYE 2023.

As stated in Section 7.3.2 above, we continued to secure new building construction projects in 2021, including 3 residential building construction projects namely, the 122 DSTH Bandar Putra Project, 217 DSTH Taman Mutiara Maju Project and 206 DSTH Gelang Patah Project, and 3 new non-residential building construction projects, namely the 147 DSTV Aurora Sentral Project, Aurora Sentral Clubhouse Project and the SJK (C) Sim Mow Yu Project. The above secured projects will assure business sustainability at least in the short term while we continue to replenish and enlarge our order book to provide business growth. Please refer to Section 7.5.9.2 of this Prospectus for further details on our on-going projects.

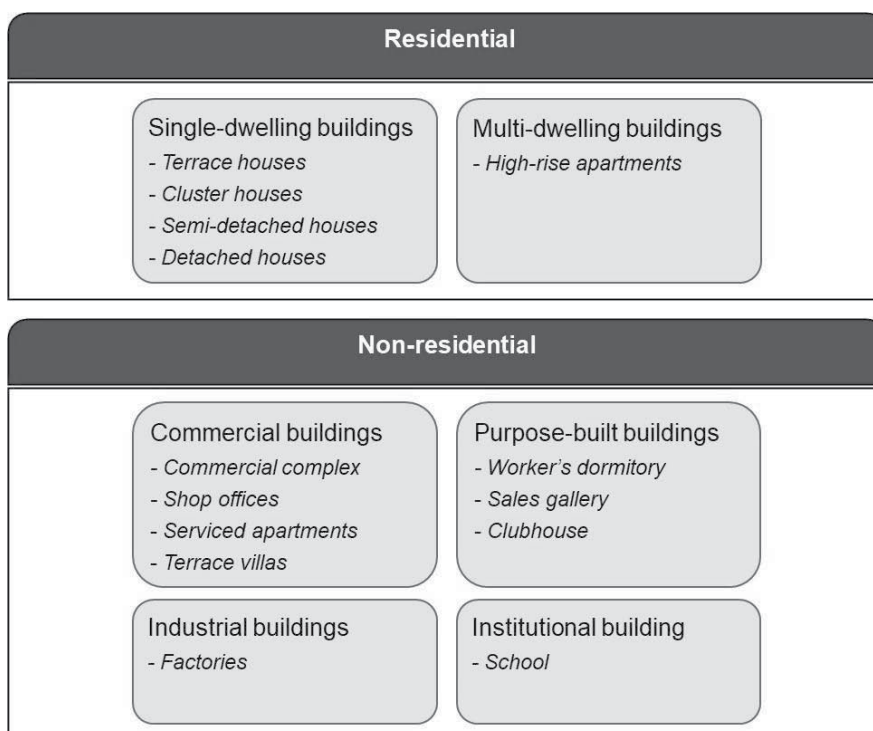
7. BUSINESS OVERVIEW (CONT'D)

7.5 OUR PRODUCTS AND SERVICES

7.5.1 Overview of our business activities

We are principally a main contractor for building construction. Revenue from building construction accounted for 99.05%, 99.15%, 99.21% and 98.64% of our total Group revenue for FYE 2017, FYE 2018, FYE 2019 and FYE 2020 respectively.

We undertake construction for both residential and non-residential buildings as follows:



For the Financial Years Under Review, a small proportion of our revenue was from civil engineering construction works and rental of machinery and equipment.

As a main contractor for residential and non-residential building construction projects, we are responsible for the total project including the external built-environment covering civil works and infrastructure within the project area, as well as the physical buildings. In some situations, our customers may directly contract out some of the specialised works such as deep foundation and basement works for high-rise building which will be outside our scope of work.

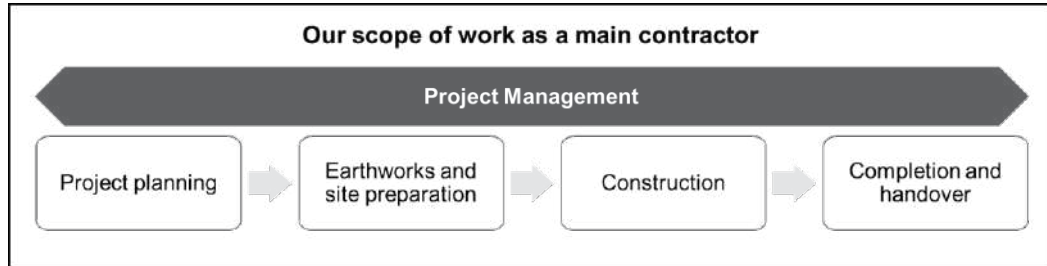
For every project, only one entity is appointed as the main contractor while there may be several subcontractors that will report to the main contractor. As a main contractor, we liaise directly with the property developer or building owner. We also outsource jobs to various subcontractors.

For the Financial Years Under Review and up to the LPD, all our completed projects were located in the districts of Kulai and Johor Bahru in Johor. As at 10 June 2021, we have on-going projects located in the districts of Johor Bahru, Kulai and Pontian.

7. BUSINESS OVERVIEW (CONT'D)

7.5.2 Building construction overview

We undertake building construction projects mostly as the main contractor and our scope of work involves the following:



7.5.3 Project planning

Once we have secured a main contractor building construction contract, we will commence project planning. The project plan will serve as the blueprint for the management and implementation of the project.

Generally, our project planning covers the following aspects:

- project scheduling, timeline and milestones;
- project budgeting and costing;
- financial resources planning;
- human resources planning;
- suppliers and subcontractors planning;
- machinery and equipment requirements;
- quality assurance and control programmes;
- workers' health and safety;
- environmental management planning; and
- regulatory compliance.

Project planning particularly relating to the timeline will require input from professionals such as architects, engineers, land surveyors and town planners. One of the key factors in project planning is to factor in the time required to obtain all relevant approvals, registrations, certifications and permits to carry out various stages including completion of the project.

Part of our responsibilities as a main contractor during the project planning stage includes:

- submission and obtaining the necessary approvals, registrations, licences and permits;
- selection and appointment of subcontractors;
- procurement of labour and materials; and
- rental of machinery and equipment.

For projects where we are the subcontractor, we are not responsible for the submission and obtaining the necessary approvals and permits for the construction site.

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7. BUSINESS OVERVIEW (CONT'D)

7.5.4 Project management

As a main contractor, we are the project manager responsible for the overall project from commencement till completion and handover. Project management is a continuous process which covers all stages of planning, construction and completion of the project. Project management includes the following:

- ensuring on time and on budget delivery of the project;
- managing and mitigating unforeseen circumstances, conditions and events;
- ensuring project quality that meets development and building plan specifications and requirements, as well as customer satisfaction;
- managing, liaising and coordinating various construction parties and workers, and other external parties such as the authorities;
- ensuring workers health and safety;
- ensure security and protection of machinery, equipment and other assets; and
- minimising the adverse impact of construction works on the environment as well as neighbouring properties and occupants.

Project management is carried out internally by our staff, where we will form a project team once we have secured a contract.

7.5.5 Earthworks and site preparation

Earthworks refers to the process of preparing the ground to be suitable for the construction of buildings, structures and infrastructure, which mainly involves the following:

- site clearance including clearing of vegetation such as undergrowth shrubs and trees as well as removal of boulders, tree stumps, roots and any unwanted objects;
- excavation, backfilling and transportation of soil to and from the site;
- levelling and compacting the earth; and
- creation of retention/detention ponds if required.

This is followed by site preparation to facilitate efficient and effective workflow for construction activities, which involves the following:

- establish staging areas for machinery, equipment, scaffolding, formwork and others;
- set-up area for in-situ fabrication;
- set-up temporary storage areas for building materials and tools; and
- set-up of facilities such as site office and worker's amenities.

Typically, we undertake the earthworks and site preparation where we use our machinery and equipment. However, there are situations where we do not have sufficient machinery and equipment especially for large projects, we will then hire machinery and equipment, and engage subcontractors to carry out the works under our supervision and control.

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7. BUSINESS OVERVIEW (CONT'D)

7.5.6 Construction

7.5.6.1 Overview

Generally, building construction is categorised into substructure and superstructure construction. Substructure includes foundations and basements while superstructure comprises all buildings and structures above the ground.

Substructure works such as piling works for high-rise buildings are typically outside our scope of works as the property developer or building owner will engage specialists to carry out substructure works. In some situations where our contracts include substructure works such as basement construction, we will engage subcontractors to undertake the substructure construction works.

Our building construction works generally include the following:

- Construction of building including substructure and superstructure works; and
- Construction of the external built-environment surrounding the building and within the project perimeter.

7.5.6.2 Construction of Buildings

As a main contractor, our scope of work for construction of buildings comprises the following:

- (i) Substructure construction which includes foundation works for landed and basement construction for high-rise residential buildings.
- (ii) Superstructure construction which focuses on constructing physical buildings. This includes the following activities:
 - constructing and erecting columns, beams, walls, floors, ceilings, stairs and roofs;
 - installation of doors, windows, grills and gates; and
 - internal and external finishing works including waterproofing, flooring, tiling, cladding, painting and coating.

In addition, we are also responsible for the construction of ancillary buildings, facilities and amenities within the project area where required, such as the following:

- facilities and amenities such as swimming pool, fitness centre, playground, gazebos and entertainment areas;
- clubhouses and community centres; and
- guardhouses.

We mainly employ two types of construction methods for our building construction, namely the conventional construction method using timber formwork and industrialised building system using aluminium formwork system to perform cast-in situ construction.

- Conventional construction method using timber formwork for concreting, followed by brickworks and plastering for construction of landed buildings.

7. BUSINESS OVERVIEW (CONT'D)

Conventional construction method



- Industrialised building system using aluminium formwork system to perform cast in situ (on site casting) construction primarily for construction of high-rise buildings. Formwork refers to the use of temporary structures made of aluminium materials and it serves as a mould for concrete to be poured in. The formworks are set-up on site and this is followed by the pouring of concrete to form the building structures such as slabs, beams, columns and walls. Once the concrete is cured and developed the required strength, the formworks are dismantled. Formwork system can be easily assembled and dismantled.

Cast in situ construction method with Aluminium formwork



7. BUSINESS OVERVIEW (CONT'D)

(iii) Mechanical, electrical, communications and plumbing works within the building including:

- heating, ventilation and air conditioning (HVAC) system;
- plumbing system including potable water pumps, reticulation and storage, and sewerage system;
- electrical cabling and wiring;
- telephone and internet cabling;
- security, fire detection and alarm systems; and
- lifts for low and high rise buildings.

We engage subcontractors to carry out, among others, the following works:

- | | |
|--------------------------------|---------------------------|
| - brick and masonry; | - mechanical, electrical, |
| - cast in situ formwork; | plumbing; |
| - ceiling flooring, tiling and | - wood and metal joinery; |
| glazing; | - painting and coating; |
| - roofing and waterproofing; | - other finishing. |

7.5.6.3 Construction of External Built-Environment

As a main contractor, we are also responsible for the external built environment around the main buildings and within the project perimeter.

(i) Basic infrastructure including, where required, the following:

- construction of roads, pavements, walkways and open parking areas;
- interconnection, trenching and routing of utilities including power, gas, potable water, communications, sewerage and stormwater;
- external fencing, railings and walls;
- construction of secondary power distribution substations; and
- construction of retention/detention pond.

(ii) Landscaping works including, where required, the following:

- creation of green, paved and covered areas;
- planting of flora;
- creation of walkways and jogging tracks;
- installation of fixtures and features such as gazebos and barbeque areas; and
- water features such as cascading waterfalls and fish ponds together with mechanical and electrical works including piping, pumps and filtration system.

We engage subcontractors to carry out infrastructure and landscaping works under our project management, supervision and quality control.

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7. BUSINESS OVERVIEW (CONT'D)

7.5.7 Completion and handover

Upon completion of all construction works including removal of all construction waste and unwanted materials, we will carry out final inspection together with our customer, engineer and architect before handover to our customer. In the event of any defects or unsatisfactory works discovered during inspection, we will carry out rectification works.

The project is deemed completed once we obtain the Certificate of Practical Completion ("CPC") issued by the architect. However, we will still be responsible for rectification of defects during the defects liability period ("DLP"), which ranges from 12 months up to 30 months depending on the contract. This is because in some situations, defects are not evident until elapse of a period of time or after the occupation of premises. Upon the expiring of DLP we will receive the certificate of making good defects ("CMGD") for the project where we will be able to claim the final retention sum.

7.5.8 Types of building construction

7.5.8.1 Residential buildings

For the Financial Years Under Review, revenue from construction of residential buildings accounted for 24.29%, 45.38%, 74.08% and 87.23% of our total revenue respectively. This was mainly from the construction of single-dwelling buildings.

Since the commencement of our business operations and up to the LPD, we have been involved in the construction of single dwelling and multi-dwelling buildings which includes the following:

Category	Types of building
Single-dwelling building	Single storey, 2-storey and 3-storey terrace house
	Single-storey, 2-storey and 3-storey semi-detached house
	2-storey and 3-storey cluster house
	2-storey and 3-storey detached house
Multi-dwelling building	High-rise apartment

The following are types of single and multi-dwelling buildings construction projects we have undertaken:

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7. BUSINESS OVERVIEW (CONT'D)

- Terrace houses

Meridin East Projects



- Semi-detached houses

70 DSSD Taman Impiana Project



Meridin East Show House – Parcel 1D Project



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7. BUSINESS OVERVIEW (CONT'D)

- **Cluster houses**

30 TSSD Taman Nusa Sentral Project



- **High-rise apartments**

We have undertaken one project for the construction of high-rise apartments. This was for the construction of a 19-storey apartment with 70 units and 2 levels of basement car park, namely Summerscape Johor Bahru Project. We secured this contract in 2012 and completed in 2015.

Summerscape Johor Bahru Project



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7. BUSINESS OVERVIEW (CONT'D)

7.5.8.2 Non-residential buildings

For the Financial Years Under Review, revenue from construction of non-residential buildings accounted for 74.76%, 53.77%, 25.13% and 11.41% of our total revenue respectively.

Since the commencement of our business operations and up to the LPD, we have secured contracts for the following types of non-residential buildings:

Category	Types of building
Commercial building	Commercial complex
	2-storey and 3-storey shop office
	Serviced apartment
	2-storey terrace villas
Purpose-built building	Workers' dormitory
	Sales gallery
	Clubhouse
Industrial building	Semi-detached and detached factory
Institutional building	School

The following are the types of non-residential buildings construction projects we have undertaken:

(i) Commercial buildings

During the Financial Years Under Review, we completed 2 projects for the construction of serviced apartments in Mukim Plentong. These 2 projects were completed in 2017 and 2020 respectively.

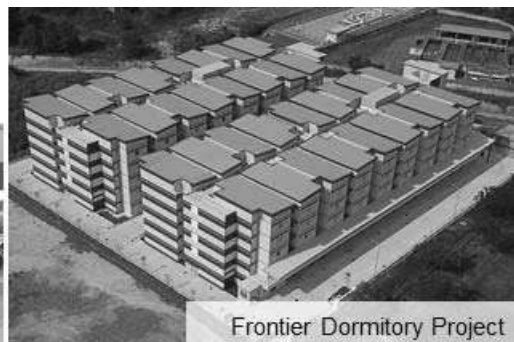
We also carried out construction of shop offices and commercial complex as follows:



7. BUSINESS OVERVIEW (CONT'D)

(ii) Purpose-built buildings

We also constructed purpose-built buildings comprising a sales gallery and a workers' accommodation. The sales gallery was a 2-storey building for the sales and marketing of property projects. Our construction of workers' accommodation was for two 5-storey blocks.



(iii) Industrial buildings

For construction of industrial buildings, it was for semi-detached and detached factories.



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7. BUSINESS OVERVIEW (CONT'D)

7.5.9 Our building construction projects

7.5.9.1 Completed projects

For the Financial Years Under Review and up to the LPD, the list of completed building construction projects were as follows:

Residential

Project Name	Description	Customer	Start Date⁽¹⁾	Completion Date⁽²⁾	Total Contract Value⁽³⁾ (RM million)
Single-dwelling buildings					
236 DSTH Meridin East – Parcel 1H Project	Construction of 236 units of 2-storey terrace houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	December 2018	December 2020 ⁽⁴⁾	43.34
182 DSTH Taman Austin Duta Project	Construction of 182 units of 2-storey terrace houses in Taman Austin Duta, Tebrau, Johor	IJM Properties Sdn Bhd	September 2017	August 2019	26.63
66 TSCH Taman Sentral Nusa Project	Construction of 66 units of 3-storey cluster houses in Taman Nusa Sentral, Pulai, Johor	Country View Resources Sdn Bhd	September 2018	October 2020	24.75
116 DTSH Meridin East – Parcel 1E Project	Construction of 116 units of 2-storey terrace houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	September 2016	July 2018	21.95
93 DSTH St Marco Park (Phase 1) Project	Construction of 93 units of 2-storey terrace houses in Kulai, Johor	Pembinaan Intra Vista Sdn Bhd	February 2019	November 2020 ⁽⁵⁾	20.40
90 DSTH Meridin East – Parcel 1D Project	Construction of 90 units of 2-storey terrace houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	July 2017	March 2019	18.50

7. BUSINESS OVERVIEW (CONT'D)

Project Name	Description	Customer	Start Date⁽¹⁾	Completion Date⁽²⁾	Total Contract Value⁽³⁾ (RM million)
70 DSSD Taman Impiana Project	Construction of 70 units of 2-storey semi-detached houses in Taman Impiana, Kulai, Johor	Talam Hijau Sdn Bhd	September 2017	December 2019	16.34
143 RMMJ Taman Nusa Sentral Project	Construction of 143 units of 2-storey terrace houses under the RMMJ scheme in Taman Nusa Sentral Pulai, Johor	Country View Resources Sdn Bhd	January 2018	March 2020	14.79
39 TSSL Taman Nusa Sentral Project	Construction of 39 units of 3-storey superlink houses in Taman Nusa Sentral, Pulai, Johor	Country View Resources Sdn Bhd	November 2017	August 2019	14.14
35 TSSL Taman Nusa Sentral Project	Construction of 35 units of 3-storey superlink houses in Taman Nusa Sentral, Pulai, Johor	Country View Resources Sdn Bhd	November 2017	August 2019	13.07
24 DSSD Taman Ungku Tun Aminah – Zone 8 Project	Construction of 24 units of 2-storey semi-detached houses in Taman Ungku Tun Aminah, Pulai, Johor	Danau Homes Sdn Bhd	August 2015	April 2017	9.22
30 SSSD Taman Ungku Tun Aminah – Zone 11D Project	Construction of 30 units of single storey semi-detached houses in Taman Ungku Tun Aminah, Pulai, Johor	Danau Homes Sdn Bhd	November 2018	July 2020	7.51
66 PKJ Taman Nusa Sentral Project	Construction of 66 units of 2-storey terrace houses under the PKJ scheme in Taman Nusa Sentral Pulai, Johor	Country View Resources Sdn Bhd	March 2018	March 2020	5.09

7. BUSINESS OVERVIEW (CONT'D)

Project Name	Description	Customer	Start Date ⁽¹⁾	Completion Date ⁽²⁾	Total Contract Value ⁽³⁾ (RM million)
Meridin East Show House – Parcel 1A Project	Construction of 2 units of 2-storey terrace show houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	June 2019	February 2020	0.97
Meridin East Show House – Parcel 1H Project	Construction of 2 units of 2-storey terrace show houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	April 2018	September 2018	0.70
Meridin East Show House Project	Construction of 2 units of 2-storey semi-detached show houses in Meridin East, Plentong, Johor	Meridin East Sdn Bhd	January 2017	May 2017	0.72
Aurora Sentral Show House Project	Construction of 2 units of resort villa show houses in Aurora Sentral, Pulai, Johor	Country View Resources Sdn Bhd	February 2020	December 2020	0.81

Notes:

- (1) Based on date of site possession.
- (2) Based on issuance date of CPC.
- (3) Refers to final contract value including variation orders.
- (4) The 236 DSTH Meridin East – Parcel 1H Project obtained the CPC on 31 December 2020. The completion of the said project was proposed to be extended from June 2020 to March 2021. We obtained the EOT and further EOT approvals on 12 October 2020 and 24 December 2020, respectively.
- (5) The 93 DSTH St Marco Park (Phase 1) Project obtained the CPC on 24 November 2020. The said project was scheduled to be completed on 30 September 2020 as stated in the St Marco Settlement Agreement. We obtained the EOT approval on 24 July 2020. Please refer to Section 15.5 of this Prospectus for further details. Subsequently, we sought for a further extension of time until November 2020 which was approved on 30 September 2020.

7. BUSINESS OVERVIEW (CONT'D)

Non-residential

Project Name	Description	Customer	Start Date⁽¹⁾	Completion Date⁽²⁾	Total Contract Value⁽³⁾ (RM million)
Commercial buildings					
Project Plentong High Rise Phase 1	Construction of Phase 1 of a high-rise serviced apartment blocks for a commercial development project located at Mukim Plentong	Venice View Development Sdn Bhd	December 2014	April 2017	148.18
Project Plentong High Rise Phase 2	Construction of Phase 2 of a high-rise serviced apartment blocks for a commercial development project located at Mukim Plentong	Venice View Development Sdn Bhd	September 2016	February 2020	132.16
Indahpura Business Central (Phase 1) Project	Construction of 28 units of 2-storey shop offices and 16 units of 3-storey shop offices in Kulai, Johor	Tek Land Sdn Bhd	April 2018	November 2020 ⁽⁴⁾	15.40
Indahpura Business Central (Phase 2) Project	Construction of 27 units of 2-storey shop offices and 10 units of 3-storey shop offices in Kulai, Johor	Tek Land Sdn Bhd	April 2019	April 2021 ⁽⁵⁾	11.75
Purpose-built buildings					
Frontier Dormitory Project	Construction of 2 blocks of 5-storey dormitory in Plentong, Johor	Insight Rewards Sdn Bhd	June 2018	January 2020	18.51
Industrial buildings					
20 CF/SDF Taman Perindustrian Ringan Pulau Project	Construction of 8 units of cluster factories and 12 units of semi-detached factories in Taman Perindustrian Ringan Pulau, Johor	Danau Homes Sdn Bhd	September 2015	July 2017	13.54