



AYER

ANNUAL REPORT 2023

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**Please refer to the Financial Report 2023.*

INSIDE THIS REPORT



For more information on our website, visit <https://www.ayer.com.my>

PROPERTY AWARDS RECOGNITION IN 2023

THE EDGE
PROPERTY EXCELLENCE
AWARDS 2023

The Edge Property Excellence Awards
2023
Top 30 category

OUR VISION

To enhance value for stakeholders as a leading player in landbased businesses and activities.

OUR MISSION

To go beyond benchmarks - to ensure sustainable shareholders value and exceed customers' expectations through innovative products and services; and from hand-to-heart, committing to our core values, we are a responsible corporate citizen; a preferred employer; and choice partner for business.

OUR VALUES

Listen



Integrity in all we do

Honesty and the highest standards with ourselves and with each other is where it all begins.

Serve



Passion to realise

The joy we can provide to our customers and partners keeps us ticking!

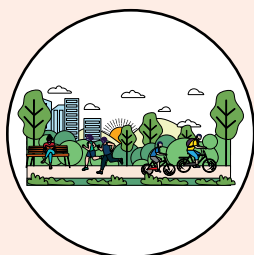
Inspire



Commitment to deliver

We're fiercely committed to building lives and livelihoods, not just brick and mortar.

Live



Balance in life

We believe life should be celebrated inside and outside the office.

GROUP CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman

(Non-Independent)

Mr. Lim Kee Choon

Non-Executive Directors

(Independent)

Mr. Chin Yoong Kheong

Tan Sri Arpah Binti Abdul Razak

Dato' Ng Tiong Lip

(appointed on 1 July 2023)

Mr. Raymond Yeoh Cheng Seong

(appointed on 1 November 2023)

Non-Executive Directors

(Non-Independent)

Tan Sri Datuk Yong Poh Kon

(retired on 31 December 2023)

Mr. Lim Ke Hun

Ms. Lim Wan Yee

Mdm. Chang Wee Yon

(Alternate Director to Ms. Lim Wan Yee)

Mr. Edwin Jose Gomes

(Alternate Director to Mr. Lim Kee Choon)

BOARD COMMITTEE

Audit Committee

Mr. Raymond Yeoh Cheng Seong
(Chairman)

(appointed on 15 December 2023)

Mr. Chin Yoong Kheong

(redesignated from Chairman to

member on 15 December 2023)

Tan Sri Datuk Yong Poh Kon

(resigned on 7 August 2023)

Tan Sri Arpah Binti Abdul Razak

Dato' Ng Tiong Lip

(appointed on 7 August 2023,

resigned on 15 December 2023)

Board Risk Committee

Dato' Ng Tiong Lip

(Chairman)

(appointed on 7 August 2023)

Mr. Chin Yoong Kheong

(redesignated from Chairman to

member on 7 August 2023)

Mr. Lim Ke Hun

Ms. Lim Wan Yee

Tan Sri Arpah Binti Abul Razak

(resigned on 7 August 2023)

Nomination and Remuneration Committee

Mr. Chin Yoong Kheong

(Chairman)

(redesignated from member to

Chairman on 7 August 2023)

Tan Sri Datuk Yong Poh Kon

(resigned on 7 August 2023)

Tan Sri Arpah Binti Abdul Razak

Dato' Ng Tiong Lip

(appointed on 7 August 2023)

Mr. Raymond Yeoh Cheng Seong

(appointed on 15 December 2023)

Board Sustainability Committee

Ms. Lim Wan Yee

(Chairman)

(appointed on 30 November 2023)

Mr. Lim Ke Hun

(appointed on 15 December 2023)

Dato' Ng Tiong Lip

(appointed on 30 November 2023)

Mr. Raymond Yeoh Cheng Seong

(appointed on 15 December 2023)

PRINCIPAL OFFICERS

Group Chief Executive Officer

Mr. Chua Seng Yong

Group Chief Operating Officer

Ms. Jeannie Khoo Poh Gaik

Group Chief Financial Officer

Ms. Loh Lai Phui

Chief Financial Officer, Property and Plantation

Mr. Phua Kia Pau

Chief Operating Officer, Property

Mr. Ong Chin Teck

(appointed on 8 March 2023)

REGISTERED OFFICE

12th Floor Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7890 4800
Fax : 603-7890 4650
Email : boardroom-kl@
boardroomlimited.com

PRINCIPAL PLACE OF BUSINESS

5th Floor, Bangunan Yee Seng
No. 15, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 603-2034 2366
Fax : 603-2034 2866

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
Wilayah Persekutuan Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock code: AYER 2305

WEBSITE

www.ayer.com.my

AUDITORS

Khoo Wong & Chan
Chartered Accountants
8.06-8.08, 8th Floor
Plaza First Nationwide
No. 161 Jalan Tun H.S. Lee
50000 Kuala Lumpur
Malaysia

COMPANY SECRETARIES

Tai Yit Chan
(MAICSA 7009143 / SSM Practicing
Certificate No. 202008001023)
Tai Yuen Ling
(LS 0008513 / SSM Practicing
Certificate No. 202008001075)

INTERNAL AUDITORS

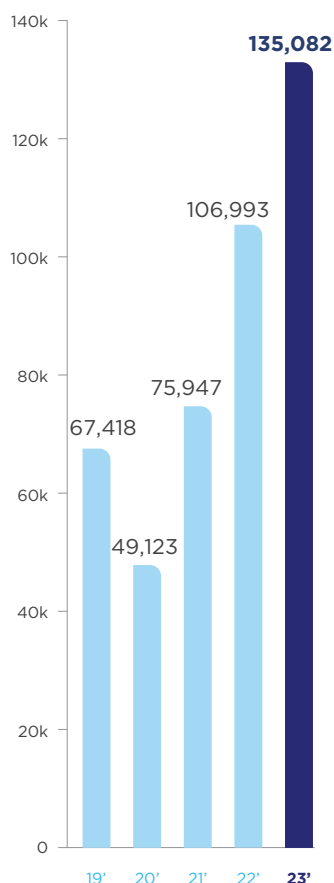
Crowe Governance Sdn Bhd
Level 16, Tower C, Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603-2788 9999

PRINCIPAL BANKER

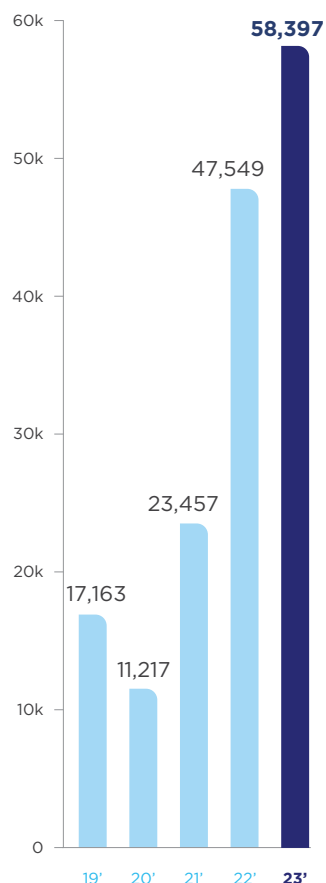
Malayan Banking Berhad

FIVE YEAR FINANCIAL HIGHLIGHTS

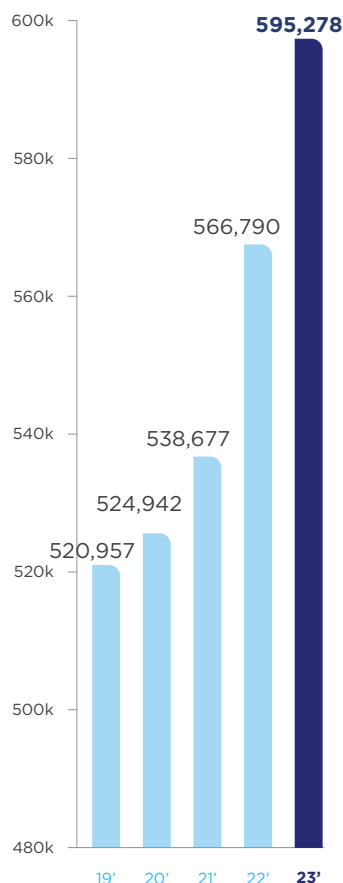
REVENUE
(RM'000)



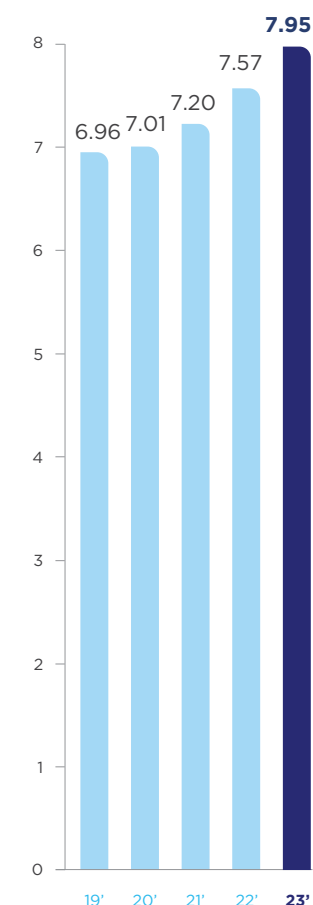
PROFIT BEFORE TAXATION
(RM'000)



SHAREHOLDERS' FUNDS
(RM'000)



NET ASSETS PER SHARE
(RM'000)



		Year ended 31 December				
		2019 Restated	2020	2021	2022	2023
Revenue	RM'000	67,418	49,123	75,947	106,993	135,082
Profit Before Taxation	RM'000	17,163	11,217	23,457	47,549	58,397
Profit After Taxation	RM'000	12,547	7,817	17,571	35,341	43,567
Paid-up Capital	RM'000	74,945	74,945	74,945	74,945	74,945
Shareholders' Funds	RM'000	520,957	524,942	538,677	566,790	595,278
Earnings Per Share - Basic	sen	16.76	10.44	23.47	47.21	58.20
Net Assets Per Share	RM	6.96	7.01	7.20	7.57	7.95
Net Dividends Per Share	sen	4.5	4.1	10.0	20.0	20.0
Share Price at 31 December	RM	4.44	5.60	5.59	6.60	6.75
Dividend Yield - Net	%	1.01	0.73	1.79	3.03	2.96

Note : (a) Figures for 31 Dec 2019 had been restated arising from prior year adjustments.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

As we reflect on the journey of 2023, it is evident that the year was marked by significant milestones and challenges.

As we move further away from a family controlled and driven company, our efforts to enhance the diversity of our Board of Directors and management team have been noteworthy.

We extend our deepest gratitude to Tan Sri Datuk Yong Poh Kon for his 19 years of service upon his retirement at the end of the year 2023. His contributions have been fundamental to our growth and success.

After 116 years, our evolution into a entirely professionally managed entity is more apparent with more reliance on our GCEO who has now warmed up into his position. To help us in the oversight role, we are delighted to welcome two Independent Non-Executive Directors. Their breadth and wealth of experience is invaluable to us and will help shape our company's future.

This year as we dedicated ourselves to embodying our core values: Listen, Serve, Inspire, and Live, our collective focus on success and delivering exceptional results is stronger and on a comfortable footing.



OVERVIEW

The Malaysian economy's growth rate of 3.7% for the year of 2023, driven by robust domestic demand and supportive government policies, has fostered a conducive environment for the real estate sector.

Despite facing challenges, notably in the palm oil industry due to labour shortages particularly in harvesting, we remained resilient.

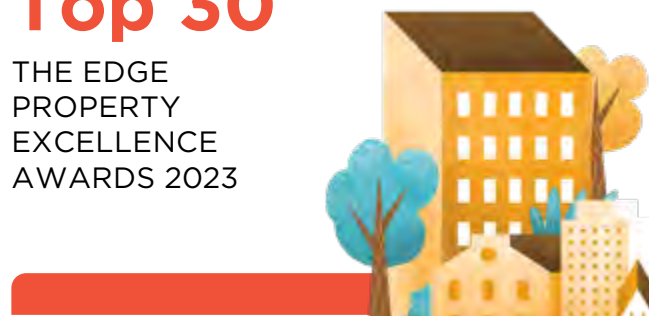
MALAYSIAN ECONOMY'S GROWTH RATE

3.7%



Top 30

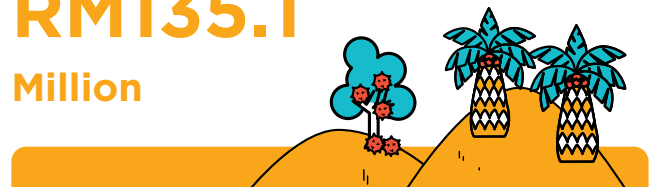
THE EDGE PROPERTY EXCELLENCE AWARDS 2023



REVENUE

RM135.1

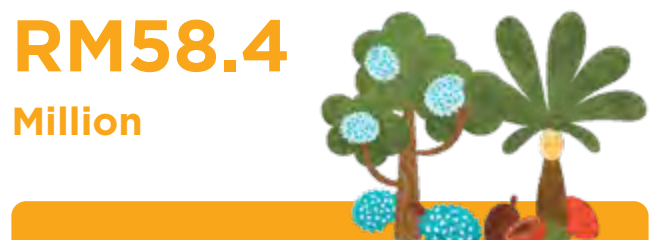
Million



PROFIT BEFORE TAX

RM58.4

Million



CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the property sector, our Dahlia residential units witnessed strong demand following their launch in September 2023 due to market acceptability.

Our commitment to excellence was recognised, earning us a place in the top 30 of The Edge Property Excellence Awards 2023. We are eagerly preparing for upcoming projects, including Erica and BP Newtown 3.

Our plantation division has focused on leveraging automation and digital initiatives to enhance productivity. The company has just completed refurbishment and building of new accommodation for our plantation workers as good treatment of our labour force remains a priority.

The first new plantings in our durian plantation at Gali Estate began producing fruit, marking a milestone. We continue planting of new trees from our own nursery.

Our commitment to environmental, social, and governance (ESG) principles is unwavering. We have taken meaningful steps towards inclusivity and supporting training programs that resonate with our core values of providing employment to marginalised communities. We hired 2 graduates and undertook 2 interns at Gali Estate, and continues to sponsor the Montfort Youth Training Centre and The Malaysian Estate Owners Association in their joint plantation conductorship programs.

We continued with best practices in the Group's ongoing commitment to sustainable principles and obtained a 5th year MSPO re-certification for both Estates and a 2nd year MyGAP re-certification for Gali Estate durian plantation. Dahlia property development obtained GreenRE Bronze certification and the soon-to-be launched Erica property development has obtained a provisional Platinum GreenRE certification.

FINANCIAL PERFORMANCE

Financially, the year concluded positively, with a revenue of RM135.1 million and a profit before tax of RM58.4 million. The property division played a major role in this achievement with plantations continuing its previous performance.

DIVIDENDS

For the financial year ended 31 December 2023, the Board recommends the payment of a first and final dividend of 20.0 sen per share. The dividend payable of RM14.97 million represents 34.4% of the net profit attributable to the owners of the Company for the year.

**BUSINESS OUTLOOK**

Looking forward, the outlook for 2024 is optimistic. We anticipate sustained growth in the property sector and an increase in demand for palm oil both supported by favourable government policies and economic conditions.

ACKNOWLEDGEMENT

In closing, I wish to express sincere appreciation to my fellow board members, our management team, all our staff, and importantly, our customers, business partners, and the authorities for their continued support and trust.

With anticipation for continued success in the year ahead,

Mr. Lim Kee Choon
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW OF BUSINESS AND OPERATIONS

AYER Holdings Berhad (“AYER” or the “Company”) and its subsidiaries (collectively, the “Group”) has 3 business segments, namely Property, Plantation and Others segments. The Property segment, which centers its development in the Bukit Puchong area with quality residential and commercial properties, accounted for 81% of the Group’s revenue for the financial year ended 31 December 2023 (“FY2023”). The remaining revenue contribution was predominantly generated by the Group’s Plantation segment, which owns 2 estates and is involved in the cultivation of oil palm and durian.

While the Malaysian economy continued its trajectory in 2023 to rebound from the Covid-19 pandemic since 2022, its growth has been impacted by adverse global developments, with heightened geopolitical tensions, persistent tightening of monetary policies to combat

inflation, uncertainties in major economies impacting developing nations as well as waning trade dynamism following ongoing trade tensions and supply chain disruptions. These developments culminated high interest rate and moderated growth in the global environment, leading to weakening external demand for Malaysia. Nevertheless, Malaysia achieved an encouraging growth of 3.7% in its gross domestic product (“GDP”) for the year of 2023, supported by strong domestic demand, resilient labour market and improving tourism sector.

Against a backdrop of challenging yet improving economic landscape, the Group had cautiously navigated a series of headwinds and ended FY2023 with a commendable profit before tax of RM58.4 million – the highest in the last 8 years since the financial year ended 31 March 2015 (“FY2015”).

TWO MAIN SEGMENTS OF AYER HOLDINGS BERHAD:

PROPERTY SEGMENT

The Group’s Property segment is not immune from the challenges in the external environment, particularly rising inflation, elevated interest rates and disruptive geopolitical conflicts. Despite these, the improvement in Malaysia’s labour conditions has enabled the Group’s Property segment to continue generating profits from progressive completion of development phases for Bromelia and Andira Place projects, attaining cumulative percentage of completion of 92.9% and 87.1%, respectively as of end of FY2023.

Besides, continuous demand for mid-range residential homes, boosted by expanding middle income group, has favoured the property development industry. The stabilising Overnight Policy Rate (“OPR”) hike has also helped alleviating uncertainty in borrowing cost and promoting buying interest for new properties. Complemented by these favourable conditions, the Group’s Property segment managed to fully sell the remaining unsold units of Bromelia and garnered a laudable response for its new property launch in

September 2023, Dahlia Bukit Puchong (“Dahlia”), with more than 95% sales accomplished by end of 2023.

The Dahlia project is a freehold residential project with a total of 43 units of superlink terrace and clustered semi-D units. This new project addresses all facets of modern living, uncompromising quality with GreenRE Bronze Certification that encompasses sustainable practises which will help to enhance residential experiences for its homebuyers.

As the Group embraces sustainability into its business, the Group’s Property segment strives to obtain GreenRE certifications for its future launches, with the next aim of achieving GreenRE Platinum Certification, a step-up from GreenRE Bronze Certification, for its upcoming project.

The Group has been recognized as one of the Top 30 property developers in The Edge Property Excellence Awards 2023 (“TEPEA 2023”), signifying the Group’s dedication to excellence and innovation in this sector.

MANAGEMENT DISCUSSION AND ANALYSIS

PLANTATION SEGMENT

The Group's Plantation segment faced a difficult year in 2023, with volatile and declining crude palm oil ("CPO") prices. CPO prices softened from prior peak levels after past 2 years of high CPO prices, and fell to about RM4,000/mt at the beginning of 2023 and then steadied between RM3,300/mt to RM3,800/mt for most of 2023. Consequently, the Group suffered a drop of 27% in its fresh fruit bunches ("FFB") average selling price (FY2023: RM794/mt, FY2022: RM1,090/mt).

In terms of cost of inputs, the Group's Plantation segment experienced soaring labour cost following hike in minimum wages and uncertainty in fertilizer prices in 2023. In addressing rising cost pressures, the Group tightened its cost management, successfully containing its oil palm cost of sales increase to less than 1%, from RM345/mt in FY2022 to RM347/mt in FY2023.

Worsening the Group's Plantation segment performance in FY2023 is the hostile weather condition and the onset of El Nino, raising concerns of its impact on the FFB production volume. In mitigating the effects of these uncontrollable hurdles, the Group's Plantation segment intensified its efforts in defending its FFB yield with increased usage of mechanization, sourcing of new workers, manpower management and continuation of replanting activities. As a result,

while FFB production volume narrowly reduced by 3% (FY2023: 32,712 mt, FY2022: 33,779 mt), average FFB yield marginally increased by 4% (FY2023: 17.8 mt/ha, FY2022: 17.1 mt/ha), after taking into account monthly average matured planting areas.

As part of the Group's effort to improve workers welfare, 30 units of new living quarters in Kretay were built and completed in 2023 and 11 units of workers quarters in Gali were refurbished as the Group is committed to provide a safe and better living environment to all its workers in order to retain its valuable human resources.

Topping up the Group's sustainability initiatives in 2023 is the successful renewal of the Malaysian Sustainable Palm Oil ("MSPO") certifications for the fifth year for both estates, giving assurance to the Group's practices in sustainable oil palm management. Additionally, the Group implemented state-of-the-art drone technology in 2023 as part of the plan to elevate its plantation's best practices.

During the year under review, the Group expanded its durian plantation activities. A total of 2,723 new trees were planted in 2023, taking total planted trees as at end of 2023 to 10,304 trees, comprising 208 mature and 10,096 immature trees, that span across a total of 368.4 acres of land in the Gali Estate.

FINANCIAL PERFORMANCE AND CONDITION

The Group has continued its growth momentum in 2023, delivering promising results with growth in revenue and profit before tax ("PBT") of 26% and 23% respectively, bringing the Group's FY2023 revenue and PBT to new heights of RM135.1 million and RM58.4 million respectively, since FY2015.

The improvement in the Group's financial performance was anchored by the Property segment, which generated 52% increase in revenue (FY2023: RM109.7 million, FY2022: RM72.0 million) and 64% surge in PBT (FY2023: RM45.3 million, FY2022: RM27.7 million) for the year under review. The better performance achieved was principally attributable to higher construction progress for Bromelia and Andira Place projects, sales of remaining units of Bromelia, as well as commencement of revenue recognition for new launch project (i.e. Dahlia) with more than 95% sales and 8.9% completion as of end 2023.

In FY2023, the Group's Plantation segment recorded 27% decline in revenue (FY2023: RM25.2 million, FY2022: RM34.8 million) and 56% drop in PBT (FY2023: RM8.4 million, FY2022: RM19.1 million), as a result of 25% fall in average CPO prices (FY2023: RM3,833/mt, FY2022: RM5,131/mt) leading to lower average selling price for FFB,

and 3% lower FFB production partly due to lower matured areas and low crop pattern.

Consistent with the increase in PBT, the Group's profit after tax increased by 23% from RM35.3 million in FY2022 to RM43.6 million in FY2023. Earnings per share correspondingly increased to 58.20 sen for the year under review (FY2022: 47.21 sen).

The Group invested a total of RM20.5 million for capital expenditure in FY2023, mainly for land conversion premiums and development costs in support of future property developments, oil palm replanting program at Kretay Estate, durian planting activities at Gali Estate, construction and refurbishment of worker quarters and purchase of machineries for plantation business.

The Group's balance sheet is well positioned for future growth, with net assets strengthened by 5% to RM595.3 million as at 31 December 2023. Cash and cash equivalents steadily increased to RM213.4 million as at end of 2023, reinforcing the Group's solid liquidity position, with no borrowings and debt security other than the lease liability recognized in relation to leased property.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK AND STRATEGY

In 2023, the composition of the Board of Directors (“BOD”) of AYER has been enhanced with greater emphasis on independence and objectivity as two (2) new Independent Directors had been appointed. Currently, the BOD of AYER consists of seven (7) Directors, four (4) of the Directors of which are Independent Directors.

In addition, AYER had established the Board Sustainability Committee (“BSC”) on 30 November 2023 to oversee and guide the Group in integrating sustainable practices in its businesses, managing sustainability risks associated with property development, palm oil and durian industries and promoting responsible corporate citizenship. The formation of BSC boded well for the Group, particularly in setting and managing the sustainability goals, strategies, policies and performance of the Group going forward.

In 2023, AYER had also set up the inhouse Internal Audit function to complement the outsourced internal audit functions and to focus on continuous review and revision of the Discretionary Authority Limit (“DAL”) and Standard Operating Procedures (“SOP”) as part of the Group’s commitment in maintaining high standards of corporate governance.

The Group acknowledges technology adoption and innovation as essential elements of sustainable growth of an organization. Accordingly, the Group’s information technology (“IT”) roadmap encompasses digitalization of business processes and operations, as well as expanding and upgrading system capabilities and technology solutions, with the objectives of improving efficiency, strengthening information security, supporting data-driven analysis and facilitating customer management. The Group’s IT strategy complements the Group’s environmental, social and governance (“ESG”) thrusts such as in promoting paperless environment, reducing waste, monitoring and data gathering in plantation areas through drone technology, enabling seamless connection in the implementation of work-from-home initiative, and providing tools for ESG reporting and regulatory compliance, including the impending e-invoicing implementation.

Human capital is another fundamental pillar to the organization’s growth and sustainability. In 2023, the Group had increased its workforce in line with expanded business activities. The Group’s human capital strategy continues to focus on employee engagement and retention, training and development, succession planning, performance management, and recruiting the right talents to support the business growth and fill the gaps.

On the Plantation front, the Group places importance on workers’ welfare, manpower utilization and additional workers in order to increase FFB yield and scale up its durian plantation. To this end, the Group had completed building and refurbishing worker quarters in 2023 and will next prioritize on manpower planning and analysis. The Government’s move in January 2024 to allow hiring of foreign workers for the plantation industry is expected to complement the Group’s plantation worker strategy.

Other than the worker aspect, the Group will continue giving emphasis on mechanization for its upkeep operations, crop harvesting and evacuation to improve productivity with the use of motorized cutter and deploying smaller tractors for faster and efficient infield collection of FFB.

For longer term FFB yield improvement, the Group will keep on executing its replanting plans to rejuvenate some of its aging fields which are giving lower yields. The Group will focus on more consistent replanting and prioritize replanting of fields with better yielding seedlings to ensure better production in the coming years.

The Group’s Property segment will continuously strategize product launching that meets customer preference at the right price, right time and right cost. Branding, product innovation and sustainability certification are also the Group’s focused areas for new launches, on top of effective stakeholder management, including regulators and local authorities.

Placemaking activities is believed to be essential in boosting the vibrancy of the Bukit Puchong area and attracting crowd to the Group’s future launches in this area. In this regard, the Group plans to assess the feasibility of building investment properties as part of its diversification strategy.

For longer term sustainability, the Group has embarked on planning the development of masterplans and exploring means of monetizing its vacant landbank. The Group will be open for opportunities to work with other industry players in the form of joint ventures and/or strategic partnerships.

In addressing a challenging landscape, group-wide cost management with in-depth data analysis and cost-conscious culture will be a key financial strategy for the Group. While the execution of business strategies will leverage on the Group’s existing fundamentals and balance sheet, moving forward, the Group will revisit its capital management and formulate financing strategy within acceptable risk appetite to accelerate the realization of its strategic plans.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK

The growth of the Malaysian economy is expected to improve in 2024, with inflation to remain modest. However, such outlook remains subject to headwinds such as higher than expected inflation, tightening of credit conditions including an increased lending rate, a weak recovery in external demand, and possible changes to domestic policy on subsidies and price controls. Further, CPO price volatility and unpredictable weather conditions, with El Nino effects intensifying further into 2024, will continue to threaten the Group's Plantation segment. Although worker shortage and rising interest rate issues have seemed stabilizing, any unforeseen adverse developments in these areas will hit the Group's Property segment.

The Group will amplify risk management in its strategy implementation, with close monitoring of external environment and adjusting its strategies to counter confronting headwinds. Barring unforeseen circumstances, the Group will endeavor to deliver reasonably satisfactory performance in 2024, within an ever-changing landscape filled with persistent challenges, and basing on its existing product pipelines and established strategies.

After taking into account the Group's performance in FY2023, the capital requirements for its future business expansion and setting aside reasonable reserves, the Board of Directors of the Company recommends a first and final dividend of 20.0 sen for FY2023, representing 34.4% payout from the Group's net profit for the year, for approval by the shareholders at the forthcoming 113th Annual General Meeting of the Company.



Final dividend of 20.0 sen for FY2023, representing 34.4% payout from the Group's net profit for the year



SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

AYER's annual Sustainability Statement for 2023 provides an overview of the Group's achievements and challenges in sustainability for the period of 1 January 2023 to 31 December 2023, unless stated otherwise.

Reporting Scope

The Statement covers the sustainability performance of our property, durian and oil palm plantations' operations, which are based entirely in West Malaysia.

Reporting Frameworks and Standards

This Statement is prepared in accordance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), with reference to:

- Bursa Securities' Sustainability Reporting Guide (3rd Edition);
- Bursa Securities' Illustrative Sustainability Report; and
- Global Reporting Initiative ("GRI") standards.

Feedback

We welcome and encourage all our stakeholders to provide feedback on this Statement and how the Group can improve in its sustainability journey. Please send your feedback, comments and suggestions to:

Chua Seng Yong
Group Chief Executive Officer
AYER Holdings Berhad
5th Floor Bangunan Yee Seng
15 Jalan Raja Chulan
50200 Kuala Lumpur
Email : sengyong.chua@ayer.com.my

Assurance Forward-Looking Statement

The Internal Audit has carried out a review to obtain a limited assurance of the process and internal controls for collating and reporting of the various environmental and social indicators. The scope of the review includes various business divisions and departments of the Group.

In connection with the audit of the financial statements of AYER Holdings Berhad contained in the financial section of AYER Holdings Berhad's Annual Report 2023, Khoo Wong & Chan ("KWC"), the external auditors, have read the other information in accordance with ISA 720 (revised) *The Auditor's Responsibilities Relating to Other Information*.

While we have not obtained in third-party assurance for the information in this report, we believe that the Malaysian Sustainable Palm Oil ("MSPO") and Malaysian Good Agricultural Practices ("MyGAP") assurance audits, have lent credibility to the performance data we present to our stakeholders. Nevertheless, we endeavour to continuously improve our reporting disclosures, to be transparent regarding our operations, and consider expanding further our scope of assurance to engage external assurance in alignment with our commitment of building trust by being transparent.

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

During the year, we have, for the most part, maintained a sustainability governance structure with the Board of Directors providing oversight of sustainability matters, while continuing to enhance our reporting by working to adopt the latest Bursa Securities reporting frameworks and standards. The reporting process has itself helped us to identify areas for improvement, such as incorporating sustainability within AYER's business strategy and developing sustainability related key performance indicators for Senior Management, amongst other things, which we aim to implement in the following year.

With a growing awareness of rapidly changing climate, social and economic conditions, and the resulting regulatory pressures as all nations race to respond, the Board of Directors decided to form a Board Committee dedicated to tackling the challenges of sustainability. The Board Sustainability Committee was thus established during this reporting period on 30 November 2023.



SUSTAINABILITY STATEMENT

Sustainability Governance Structure

This is a diagrammatic representation of the governance structure for sustainability as of 15 December 2023, following the establishment of the Board Sustainability Committee on 30 November 2023. Prior to this, the Sustainability Working Committee reported to the Board of Directors.



SUSTAINABILITY STATEMENT





Materiality Assessment and Key Sustainability Matters

The Group identifies material matters from:





- Bursa Securities Regulations - Bursa Securities enhanced disclosure requirements issued on 26 September 2022 covering 11 common sustainability matters.
- Risks - our risk management review will identify Environmental, Social and Governance (“ESG”) related risks.
- Stakeholder Engagement - we performed a review of the previous year’s materiality assessment which involved various internal and external stakeholders such as business partners, employees, Board of Directors, suppliers and contractors to assess the relative importance to us of specific ESG and sustainability topics. For the current year, we conducted a limited stakeholder assessment. We conducted a materiality assessment which involved the participation of limited stakeholders such as the Board of Directors, several key shareholders, Senior Management and employees via an online survey.

Stakeholder Engagement


To better understand the sustainability issues affecting the Group, we identified internal and external stakeholder groups, including business partners, customers, employees, Board of Directors, suppliers and contractors. We have engaged with each group in the manner and frequency described below in order to gather information and feedback on their concerns.

No.	Stakeholders	Engagement Channels & Frequency
1	Shareholders/ investors 	Ad-hoc <ul style="list-style-type: none"> • Media releases • Regular and special announcements on Bursa Securities • Corporate website Quarterly <ul style="list-style-type: none"> • Bursa Securities announcements and financial reports Annually <ul style="list-style-type: none"> • General Meetings • Annual Reports and Corporate Governance Reports
2	The Group, including management, staff and Directors 	Ad-hoc <ul style="list-style-type: none"> • Operational meetings • Informal discussions Monthly <ul style="list-style-type: none"> • Monthly Management Meetings • Risk Management Working Committee meetings Quarterly <ul style="list-style-type: none"> • Meetings with the Board and Board Committees • Sustainability Working Committee meetings
3	Government and regulators 	Ad-hoc <ul style="list-style-type: none"> • Regular meetings and consultations • Involvement through representations of working groups • Trainings • Submission of data and information as and when requested • Compliance with rules and regulations • Submission of reports
4	Customers 	Ad-hoc <ul style="list-style-type: none"> • Face-to-face discussions and direct email • Digital and social media channels • Corporate events and formal correspondence • Corporate website





SUSTAINABILITY STATEMENT

No.	Stakeholders	Engagement Channels & Frequency
5	Employees 	Ad-hoc <ul style="list-style-type: none"> • Internal communication channels such as email, Basecamp and group chat • Induction programme • On-boarding and buddy system • Off-boarding and exit interview programme • Events, workshops and trainings (internal and external) • Health and safety briefings and programmes • Employee engagement survey • Team building activities Bi-annually <ul style="list-style-type: none"> • Performance Management review • Town Hall session
6	Community/ NGOs/ Industry Associations 	Ad-hoc <ul style="list-style-type: none"> • Digital platform • Community programs
7	Financiers/ Banks/ Lawyers 	Ad-hoc <ul style="list-style-type: none"> • Periodic meetings and formal correspondence Quarterly <ul style="list-style-type: none"> • Bursa Securities announcements
8	Contractors/ Consultants/ Vendors 	Ad-hoc <ul style="list-style-type: none"> • Pre-qualification, tenders and procurement process • Formal and informal meetings





The Group has adopted 9 common material matters and 1 sector specific sustainability matter by Bursa Securities and the Group's own list comprising 3 matters that we have been monitoring. The risks to the Group, stakeholders' priorities and concerns, opportunities and responses made are as follows:

Material Matters	Risks, Stakeholder Priorities and Concern	Opportunities / Our Responses
Economic		
Business Continuity & Resiliency and Sharing of Economic Power GRI 201	Stakeholders - 1,2,5  Risks <ul style="list-style-type: none"> • Economic uncertainties • Sufficiency of labour • Supply chain - cost • Business resilience (Property) Stakeholder Priorities and Concern <ul style="list-style-type: none"> • Group's performance, growth and sustainability • Group's strategic direction and plans • Announcement of dividend and payout • Employee compensation package 	<ul style="list-style-type: none"> • Implement robust business strategies • Explore relevant new innovations/ technologies and digitalisation opportunities • Mechanisation and IoT to complement and/ or substitute dependency on manpower • Attract competent and resourceful team • Team resources that are well Informed • Prudent cost and capital management • Compliance with rules & regulations • Good corporate governance (Refer to pg 42 to 46) • Career development and career progression through its performance evaluation exercise. • Consistent payment of dividend to shareholders (Refer to pg 3)





SUSTAINABILITY STATEMENT

Material Matters	Risks, Stakeholder Priorities and Concern	Opportunities / Our Responses
Economic		
Corporate Governance, Compliance and Integrity	<p>Stakeholder – 1,2,3,4,5,7,8</p>  <p>Risks</p> <ul style="list-style-type: none"> • Poor business ethics • Lack of strong corporate governance <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> • Good management and corporate governance practices • Strong risk management and management of sustainability matters • Strong internal controls and policies and procedures 	<ul style="list-style-type: none"> • Strong corporate governance practices with necessary policies and procedures (Refer to pg 42 to 46) • Risk management and internal audit function (Refer to pg 50 to 57) • Compliance with rules & regulations • Adherence to Code of Conduct and Ethics for Employees
Anti-corruption GRI 205	<p>Stakeholder – 1,2,3,4,5,7,8</p>  <p>Risks</p> <ul style="list-style-type: none"> • Non-compliance • Poor business ethics • Brand and reputation <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> • Good management and corporate governance practices • Strong risk management • Strong internal controls and policies and procedures 	<ul style="list-style-type: none"> • Strong corporate governance practices (Refer to pg 42 to 46) • Adherence to Code of Conduct and Ethics for Employees • Risk management and internal audit function (Refer to pg 50 to 57) • Regular briefings on anti-corruption regulations
Cybersecurity & Data Protection GRI 418	<p>Stakeholder – 1,2,4</p>  <p>Risks</p> <ul style="list-style-type: none"> • Breach of customer data • Brand and reputation <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> • Strong data protection system • Strong internal controls and policies and procedures on data protection 	<ul style="list-style-type: none"> • Have a robust cybersecurity system • Robust risk management and internal audit function (Refer to pg 50 to 57)
Environmental		
Climate Change and Energy Management GRI 302 GRI 305	<p>Stakeholder – 2,3,4,5,6</p>  <p>Risks</p> <ul style="list-style-type: none"> • Non-compliance with climate change regulations • Business disruptions, physical damages and financial losses caused by extreme weather • Depletion of natural resources <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> • Ability and speed to adapt to evolving trends and requirements • Policies and procedures to mitigate risks related to climate change • Transparent and accurate disclosure on the impact of the Group's operations on the climate 	<ul style="list-style-type: none"> • Constant monitoring and tracking of environmental risks • Strict adherence to applicable environmental rules and regulations • Maintain and implement zero burning policy • Work towards GreenRE certifications for all properties developed by the Group • Maintain MSPO and MyGAP certifications for oil palm and durian plantations • To expand on renewable energy use

SUSTAINABILITY STATEMENT

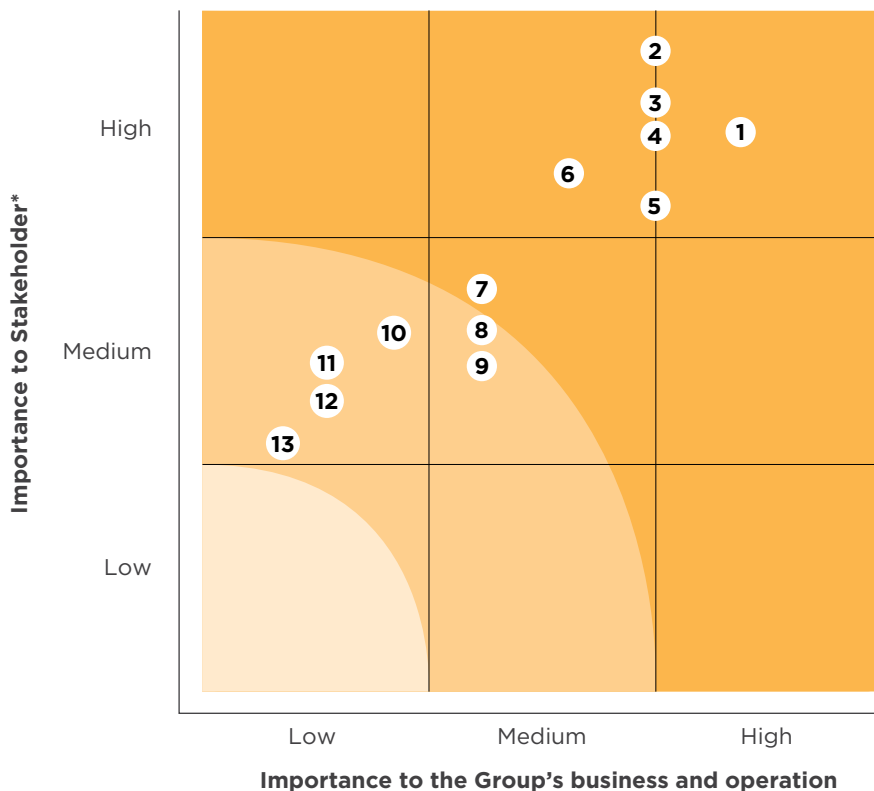
Material Matters	Risks, Stakeholder Priorities and Concern	Opportunities / Our Responses
Environmental		
Protection and Enhancing Biodiversity GRI 304	<p>Stakeholder – 1,2,3,4,5,6,7,8</p>  <p>Risks</p> <ul style="list-style-type: none"> Loss of biodiversity <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> Transparent and accurate disclosure on the impact of the Group’s operations on biodiversity Action plans to address protection and enhancement of biodiversity 	<ul style="list-style-type: none"> Integration of biodiversity in development plans Maintain MSPO and MyGAP certification for oil palm and durian plantations
Water Management GRI 303	<p>Stakeholder – 2,3,4,5,6</p>  <p>Risks</p> <ul style="list-style-type: none"> Scarcity of clean water Costs escalation <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> Proper management of water usage 	<ul style="list-style-type: none"> Promote and encourage prudent water usage behaviour throughout the Group
Social		
Health & Safety GRI 403	<p>Stakeholder – 2,3,5,7</p>  <p>Risks</p> <ul style="list-style-type: none"> Non-compliance with Occupational Safety and Health Act (“OSHA”) 1994 Business disruptions, legal consequences and financial losses caused by workers ill health, injury or fatality Sufficiency of labour <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> Proper training on health and safety Policies and procedures to ensure workers’ health and safety 	<ul style="list-style-type: none"> Employees to observe health and safety regulations and legislation Promote a culture of safety at work Ensuring fast and easy access to healthcare for employees Compliance and training for health and safety regulations and legislation Maintain MSPO and MyGAP certifications for oil palm and durian plantations
Employee Management GRI 404	<p>Stakeholder – 2,5</p>  <p>Risks</p> <ul style="list-style-type: none"> High turnover rate Inability to recruit Low productivity and poor performance Low staff morale <p>Stakeholder Priorities and Concern</p> <ul style="list-style-type: none"> Conducive work environment Competitive remuneration and benefits Career and personal development Work-life balance 	<ul style="list-style-type: none"> Competitive remuneration package and benefits Upskilling, trainings, learning and development Promote high performance culture Annual performance management Talent and leadership development programme where employees are able to attend training relevant to their work nature

SUSTAINABILITY STATEMENT

Material Matters	Risks, Stakeholder Priorities and Concern	Opportunities / Our Responses
Social		
Diversity, Equity & Inclusion GRI 405	Stakeholder - 2,5,6  Risks <ul style="list-style-type: none"> Unjust and discriminatory practices Damage reputation Stakeholder Priorities and Concern <ul style="list-style-type: none"> Fair, non-discriminatory and inclusive work environment 	<ul style="list-style-type: none"> Equal and just employment opportunities Fair and just treatment on wages and work-related activities Diversity and inclusivity at all levels of the organisation
Human Rights GRI 401	Stakeholder - 2,5,6  Risks <ul style="list-style-type: none"> Unacceptable breaches in human rights practices Inability to recruit talent Reputation damage Stakeholder Priorities and Concern <ul style="list-style-type: none"> Fair and conducive work environment 	<ul style="list-style-type: none"> Access to proper healthcare for all employees Clinics are present nearby the estates for all employees (including general workers) to access medical facilities Compliance with regulatory requirements for housing for workers
Community Investment GRI 201	Stakeholder - 6  Risks <ul style="list-style-type: none"> Business activities can have adverse impact on communities Stakeholder Priorities and Concern <ul style="list-style-type: none"> Marginalised communities Corporate social responsibility programmes that benefit communities 	<ul style="list-style-type: none"> Effective corporate social responsibility programmes
Supply Chain Management GRI 204 GRI 308 GRI 414 GRI 417	Stakeholder - 4,8  Risks <ul style="list-style-type: none"> Non-compliance with the Group's environmental and social requirements Supply chain disruptions Stakeholder Priorities and Concern <ul style="list-style-type: none"> Efficient, fair and transparent procurement processes Health and safety of contractors' workers 	<ul style="list-style-type: none"> Adherence to procurement processes

SUSTAINABILITY STATEMENT

Materiality Matrix



* For the current year, we conducted a materiality assessment which involved the participation of limited stakeholders such as the Board of Directors, several key shareholders, senior management and employees via an online survey.

Prioritisation of material matters from the materiality assessment are as follows:

- | | |
|---|--|
| 1. Employee Management | 7. Protection and Enhancing Biodiversity |
| 2. Anti-corruption | 8. Climate Change and Energy Management |
| 3. Cybersecurity & Data Protection | 9. Supply Chain Management |
| 4. Corporate Governance, Compliance & Integrity | 10. Water Management |
| 5. Health & Safety | 11. Diversity, Equity & Inclusion |
| 6. Business Continuity & Resiliency and Sharing of Economic Power | 12. Human Rights |
| | 13. Community Investment |

Sustainability Framework

The combined material matters and their prioritisation form the Sustainability Framework under the 3 broad pillars, as follows:

Economic & Governance	Environmental	Social
<ul style="list-style-type: none"> 2. Anti-corruption 3. Cybersecurity & Data Protection 4. Corporate Governance, Compliance & Integrity 6. Business Continuity & Resiliency and Sharing of Economic Power 	<ul style="list-style-type: none"> 7. Protection and Enhancing Biodiversity 8. Climate Change and Energy Management 10. Water Management 	<ul style="list-style-type: none"> 1. Employee Management 5. Health & Safety 9. Supply Chain Management 11. Diversity, Equity & Inclusion 12. Human Rights 13. Community Investment

SUSTAINABILITY STATEMENT

Management Approach for Material Matters

ECONOMIC & GOVERNANCE

Anti-Corruption

Conducting business with strong ethical and corporate governance principles is one of the key factors in building trusts in the Group amongst our stakeholders.

AYER places strict emphasis on proper business conducts and ethics by its employees, as outlined in its Employee's Code of Conduct and Ethics. With honesty and integrity as its cornerstone, the Code emphasises ethical, fair and impartial practices while defining behaviour that is deemed unacceptable in the workplace. Risk Management Working Committee ("RMWC") meetings are held on a monthly basis where operational risks, including risks of corruption, are discussed.

AYER conducted a risk assessment on corruption in 2019 and will conduct an assessment in the coming year.

During the financial year, there were no reported cases of corruption-related incidents in the Group.

Zero : There were no reported cases of bribery and corruption for FYE2023

Cybersecurity & Data Protection

With the advent of technology, we have progressively adopted digitalisation to improve efficiency and productivity. We strive to ensure that our information systems, data and network are well protected against cybersecurity risks and data leakages.

Among the key initiatives taken on data protection are the firewall system, authorised access controls and backing up of data.

For financial year ended ("FYE") 2023, there has not been any reported cases of breaches or stealing of the database.

Zero : There were no substantiated complaints concerning breaches of customer privacy and losses of customer data for FYE2023

SUSTAINABILITY STATEMENT

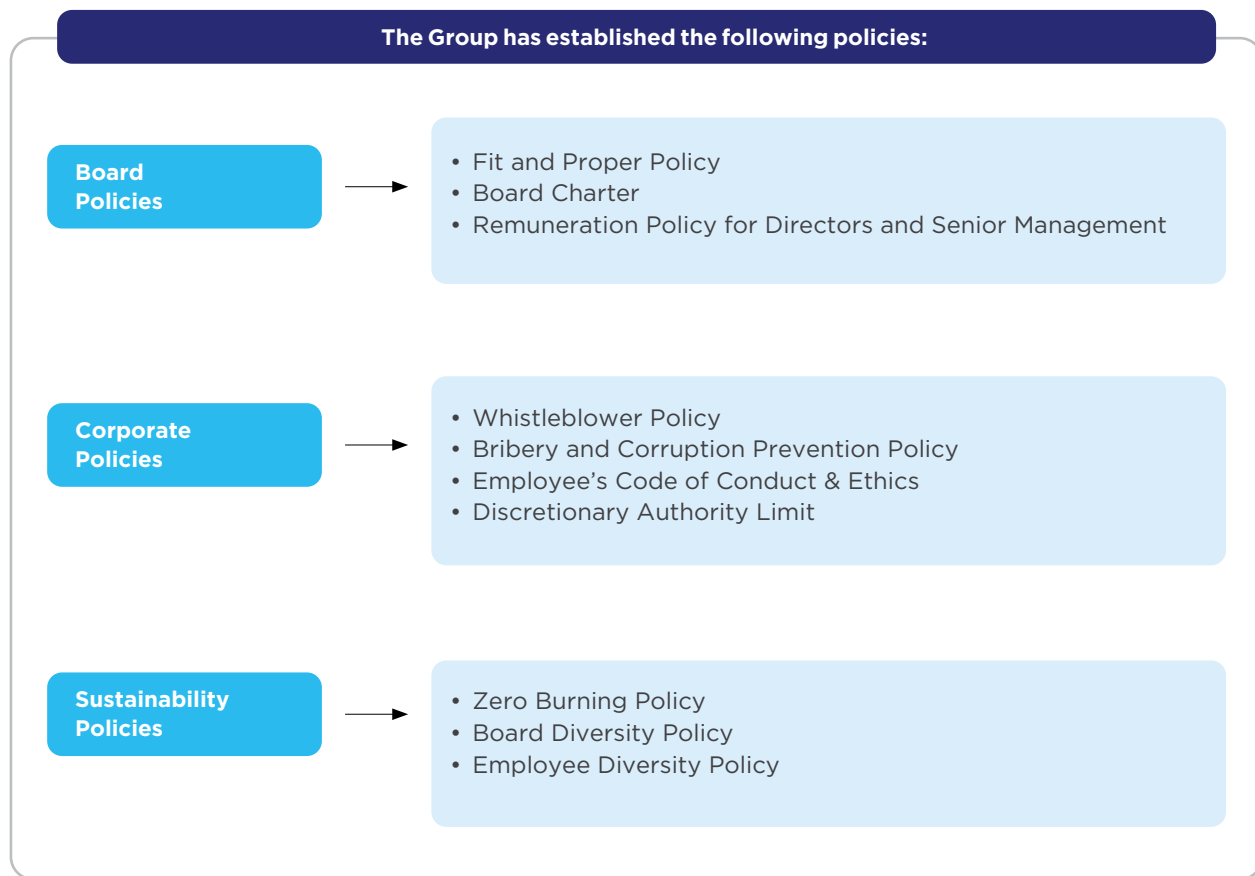
Corporate Governance, Compliance & Integrity

Conducting the affairs and business of the Group with strong corporate governance principles is the foundation to ensure that the interests of stakeholders are protected and that shareholders' value continues to be enhanced.

With 116 years in business, we pride ourselves in persistently upholding a strong corporate governance culture coupled with robust risk management and internal audit functions. We wholeheartedly embrace the Malaysian Code on Corporate Governance, amongst others, by thoroughly embedding corporate governance practices into our business practices.

We require our employees to undertake necessary training especially in relation to Code of Conduct & Ethics for Employees, Bribery and Corruption Prevention. Employees are required to comply with the standard operating procedures ("SOP") and policies in performing their duties and dealings with third parties.

In addition, employees are required to comply with relevant rules and regulations and functional/industry standards in performing their duties, and to attend trainings/seminars to keep abreast with development in those governing rules, regulations and standards.



Zero



There were no reported breaches of any rules, regulations and policies during FYE2023

SUSTAINABILITY STATEMENT

Business Continuity & Resiliency and Sharing of Economic Power

We believe that the ability to remain resilient in navigating through challenges will ensure business continuity and delivery of long-term value to stakeholders.

We have a competent team who implements robust business strategies in the face of challenges whilst upholding strong corporate governance principles and a robust risk management process. We also strive to manage our costs and capital with prudence. AYER continuously explores new innovations, technologies, mechanisation and digitalisation opportunities in our business operations to reduce reliance on manual labour, improve yield and productivity and in the development of our properties. We keep abreast with new and evolving trends and customer preferences to ensure high take up rate for our property products.

The Group registered a total revenue of RM135.1 million for the year ended 31 December 2023. Property and plantations contributed 81.2% and 18.7% respectively.

AYER strives to make consistent dividend payment to its shareholders and competitive remuneration to staff. AYER proposed a first and final dividend of 20.0 sen for FYE2023, representing 34.4% payout from the Group's profit after tax for the year.

The economic value distribution for the years are as follows:

Item	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)
Economic value generated (revenue and other operating income)	82,260	115,183	145,344
Total Economic value generated	82,260	115,183	145,344
Economic value distributed:			
Operating cost*	44,844	52,574	69,932
Employee wages and benefits*	10,365	11,368	13,203
Payment to providers of capital (dividend and finance cost)	3,080	7,491	14,983
Reinvestment and future growth (depreciation and amortisation)	3,551	3,663	3,752
Payment to government (current tax expenses)	6,411	12,858	14,347
Total community investment	32	23	48
Total Economic value distributed	68,283	87,977	116,265
Total Economic value retained	13,977	27,206	29,079

* Employee training cost has been excluded from employee wages and benefits and included in operating costs.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

Protection and Enhancing Biodiversity

As a company with land-based operations, AYER recognises the importance of protecting as well as enhancing biodiversity to minimise any negative impacts from its operations.

Moving forward, for our property division, in planning our township or parcel developments, we will continue to minimise earthworks as much as possible to retain existing features of the land, respect the natural path of streams and water bodies. In addition, we strive to:

- Maintain the existing trees or relocate the trees if found suitable
- Reuse any rock and/or hard materials as hard landscape if there are rocks and/or hard materials during earthworks stage
- Replant trees for developed areas in accordance to Landscape Architect design, with approval from City or Local Councils and relevant authorities
- Maintain or divert any waterways or streams
- Create lakes and waterways as retention pond with trees planting, shrubs and vegetations in accordance to Landscape Architect design, with approval from City or Local Councils and relevant authorities

Under the mandatory Malaysian Sustainable Palm Oil (“MSPO”) certification standard requirements that must be adhered to, we have a no hunting policy and we strive to coexist with wildlife in our plantations.

Climate Change and Energy Management

The adverse effects of changing weather patterns have an impact on the Group’s property and plantation operations. In particular, bad weather causes construction delays in our property operations, and flooding and drought affect harvesting activities and palm oil fresh fruit bunch and durian yield in our plantation division.

We constantly monitor and track our environmental risks whilst strictly adhering to our zero-burning policy in compliance with the Environmental Quality Act 1974.

In addition, the company deploy the following initiatives:

Green Technology

- We have installed solar panels at our Bukit Puchong Sales Gallery in 2022 that generate clean energy. The energy will be used to supply power for the Sales Gallery. This has translated to a reduction of the power consumption by 37%. In 2023, the total electricity generated from our solar panels amounted to 31.55 MWh.
- We use drones to monitor our undeveloped properties on a weekly basis to minimise risk of fire hazards, soil erosion or illegal dumping instead of car or motorbike patrolling.

Sustainable Development and Plantation Practices

We are committed to deploying sustainable practices and designs in our property projects and strive to achieve GreenRE certification for all projects.

We are pleased to announce that our Erica semi-detached project has been awarded a provisional GreenRE Platinum Certification. Erica is the first Platinum rated landed home scheme certified by GreenRE in Malaysia.

Dahlia, which is also another landed home scheme, has also attained a provisional GreenRE Bronze Certification.

SUSTAINABILITY STATEMENT

The sustainable features of Erica include:

Enhanced glazing	Solar hot water system	Green and sustainable material for tiles, timber flooring, ceiling board
Roof insulation	LED street lighting	Low VOC paint and adhesive
Cross and stack ventilation	Rainwater harvesting	Timer at car porch
Skylight	Water efficient sanitaryware	

Moving forward, we aim to include suppliers and contractors that adhere to the environmental and social indicators in our efforts to embed sustainability in our value chain.

For our plantations, we have achieved MSPO and MyGAP certifications and will continue to maintain these certifications. MSPO is the mandatory sustainability certification for the Malaysian palm oil industry. The MSPO certification covers field operations including harvesting, application of fertilisers, pruning, pests and disease, accommodation and workers welfare. The MyGAP certification entails the process at the nursery, to the field operations which includes application of fertilisers, pruning, pests and disease, accommodation and workers welfare.

Zero

Incident of fire, soil erosion



Illustration of Dahlia project.

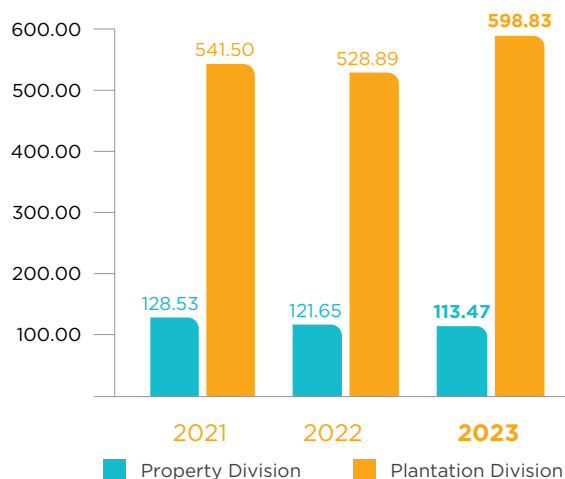


SUSTAINABILITY STATEMENT

Energy Management

We are actively monitoring our energy consumption and efficiency to manage our emissions.

Total Energy Consumption by division (MWh)

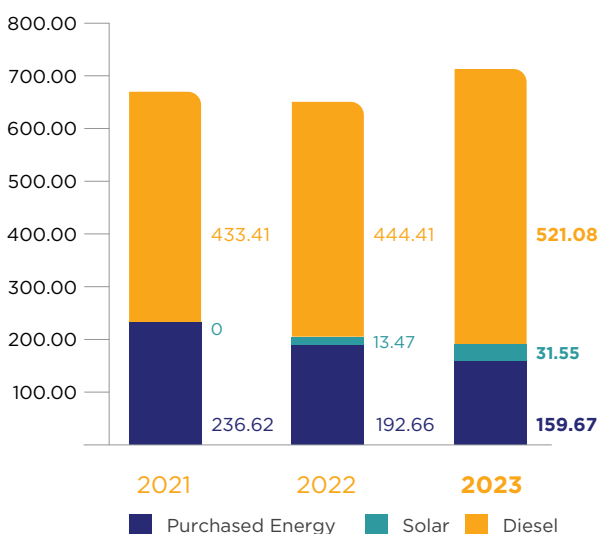


Overall, the consumption of energy has increased marginally in 2023 as operations have resumed to pre-pandemic levels.

The current measurement of the purchased energy for our property division only includes our own usage at the Bukit Puchong Sales Gallery and we will be collecting the energy data from our project sites in the coming year.

Breakdown of energy consumption by non-renewable and renewable sources are as follows:

Source of Energy (MWh)



Overall, electricity consumption from 2022 to 2023 showed a decrease of 17% mainly due to the installation of solar power at the Bukit Puchong Sales Gallery since August 2022.

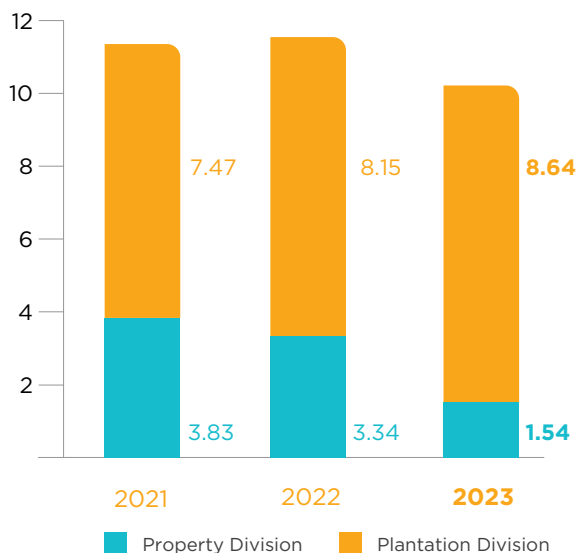
We endeavour to look for more opportunities to meet our needs through renewable energy sources.

Water Management

Water is a crucial commodity without which our survival will be threatened. Climate change has affected the source of water with bouts of drought whilst human activities have caused pollution to water sources. We are committed to manage our water consumption efficiently to reduce the stress on the system.

We mainly rely on natural sources of water such as rainwater and streams for our oil palm and durian trees. The clean water from the municipal supply is for the staff and workers quarters and other plantation management activities. To promote efficient water usage by our customers, our property projects are installed with water efficient sanitary fittings. In addition, we promote and encourage prudent water usage behaviour amongst employees.

Total water consumption (Megalitre)



The current measurement for our property division only includes our own usage at the Bukit Puchong Sales Gallery and we will be collecting the data from our project sites in the coming year.

85% of the Group's water consumption is from the plantation division. The increase in water usage at our plantation division was for estate management activities. Our property division has recorded a decrease in its water consumption mainly due to prudent usage.

SUSTAINABILITY STATEMENT

SOCIAL

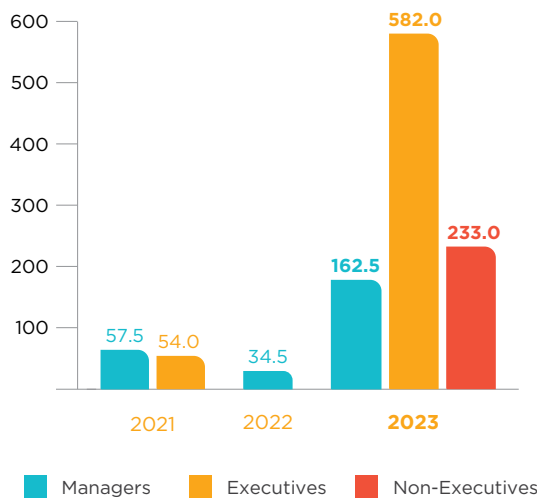
Employee Management

Human capital is one of AYER’s key elements for its sustainability and growth. We are committed to promote a positive work environment and high-performance culture with opportunities for upskilling, professional and personal development. We provide competitive remuneration packages and benefits and ensure that all our workforce have accessibility to proper healthcare.

The Group carries out half yearly employee evaluation and to identify areas for improvements. A two-way assessment is carried out to ensure that employees are fairly treated.

AYER provides relevant external and internal training as well as talent and leadership development programme for its employees. The number of external training hours attended by AYER’s employees for FYE2023 are as follows:

Total Number of External Training Hours



Some of the training that were attended by the employees are as follows:

- Forum on ESG - ESG Readiness in Malaysia & Future Challenges
- The Talent Magnet: How to Build a Thriving Workforce and Attract the Best
- 30% Club Diversity, Equity and Inclusion (“DEI”) Conversation
- Training on fire evacuation, safety measures and mock drill at Kretay Estate and Gali Estate
- Training on durian plantation management
- Training on harvesting and grass cutting
- Training at Kretay and Gali Estates on lawn crop covers, harvesting, fertiliser, manuring, pests and disease, herbicide spraying and rat baiting
- Training on occupational safety and health

SUSTAINABILITY STATEMENT

Besides training, AYER regularly engages with employees through various activities. During the year, we held the following activities:

Townhall with Staff Luncheon and Laser Tag Team Building Games



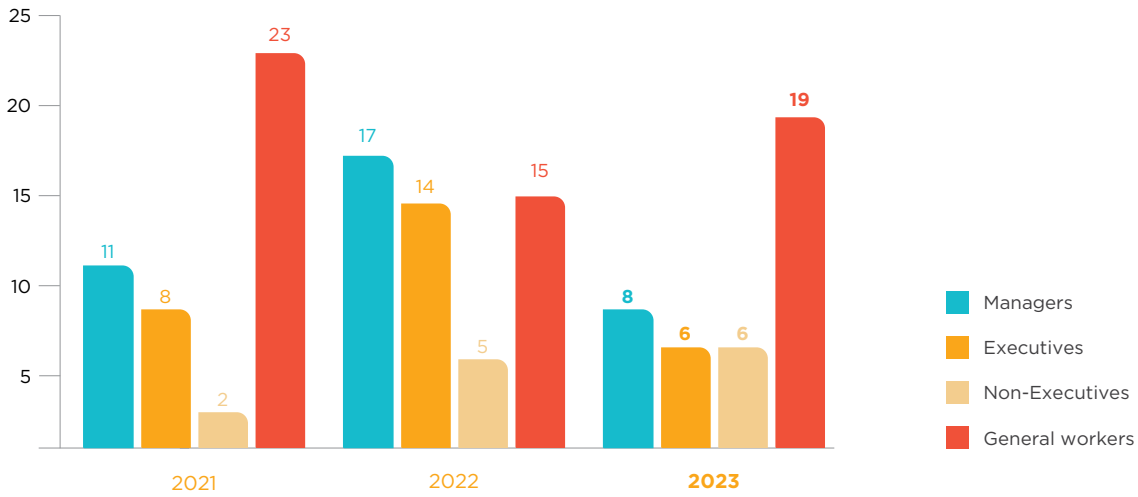
Festive Giveaway



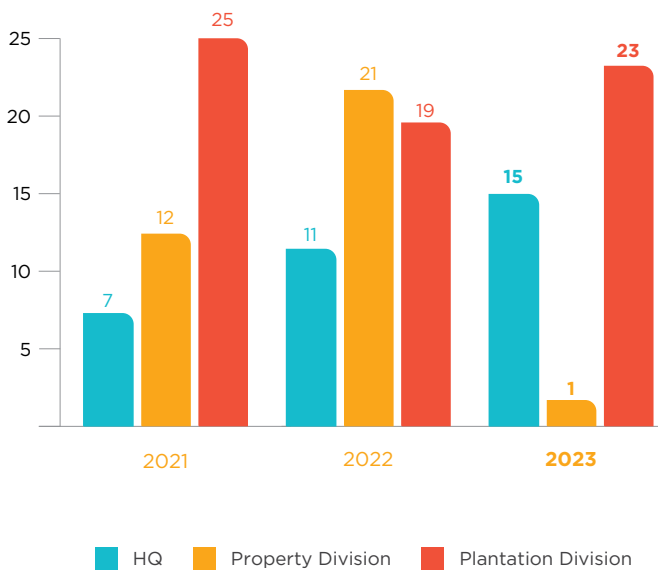
SUSTAINABILITY STATEMENT

Number of employee turnover by category and division and attrition rate are as follows:

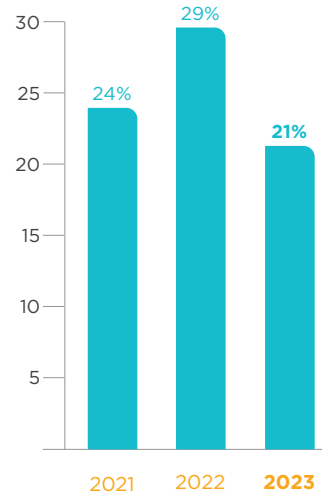
Turnover by Employee Category



Turnover by Division



Attrition Rate (%)



The attrition rate for 2023 was 21%. The high attrition rate for the year was mainly attributable to general workers from the plantation division. Out of 19 general workers who left, 8 were foreign workers whose contract had expired and 3 were local workers who retired.

SUSTAINABILITY STATEMENT

An Employee Engagement Survey (“EES”) was conducted in 2023 to gather feedback on various aspects of our workplace environment. This survey was conducted via E-survey and physically with the EES physical boxes located at all AYER group-wide divisions and offices. In 2023, we gathered a total of 57 responses, representing 70% of our office staff. Based on the survey, the employee satisfaction score was 77% and the overview is as follows:

What's going well

- Teamwork and shared purpose
- Strong rapport across all departments
- Encouraging uptake in the systems and processes in place
- Understanding on the corporate governance aspects e.g.: DAL and SOPs
- Able to establish good understanding and adoption of business tools

- Health and wellness programs
- Better Benefits to attract and retain talent
- Flexible working arrangements/Work from Home
- Pantry items to be refilled frequently

What can be improved

What to prioritise

- Work Life Balance
- More team members to share workload - new hiring/replacement hire
- Business Tools to enhance work efficiencies
- Continued teamwork and collaboration

Following that, our staff in Corporate and Property divisions are allowed to have a 1-day work from home program, effective January 2024. Fostering teamwork and collaboration between staff across various departments encourages personal growth, increases job satisfaction and reduces stress. These outcomes led to the idea of setting up an AYER Sports Club to enable the staff to interact through sports and recreation. The process of incorporating AYER Sports Club kick-started in February 2024.

As part of our ongoing commitment in enhancing employee retention, we conducted a comprehensive review of our salary benchmarking and compensation structures in 2023. As a result of this initiative, effective January 2024, several of our employees were identified for salary adjustment, whilst promotion and salary increment were made for several others, reflecting the expansion of their scope of responsibilities.

The Group shall be looking into the other prioritised areas and areas of improvement in the coming year.

Health & Safety

AYER places strong emphasis on employees and contractors' health and safety at the workplace. A healthy, safe and conducive work environment promotes higher productivity with lower downtime from illness or injuries.

In the property division, our employees, consultants and contractors are required to strictly adhere to the procedures that comply with the OSHA 1994. Employees from plantation division have undergone regular health and safety training.

All staff and workers in the plantation division are required to strictly adhere to the health and safety requirements under MSPO and MyGAP. In addition, all our employees and contractors are required to undergo regular health and safety training. This includes health screening and health tests like typhoid and hepatitis B for our durian plantation.

	2021	2022	2023
Number of employees and contractors trained on health and safety standards	146	120	185

SUSTAINABILITY STATEMENT

During the year there was only 1 reported case of injury to a worker at Kretay Estate, as follows:

	2021		2022		2023	
	Property Division	Plantation Division	Property Division	Plantation Division	Property Division	Plantation Division
Total hours worked	83,683	386,493	71,848	372,450	43,863	488,981
Number of work-related fatalities	0	0	0	0	0	0
Number of lost time injuries	0	0	0	0	0	1
Lost time incident rate	0	0	0	0	0	0.41

The single injury incident is a work-related injury involving a sickle used during harvesting. On-going health and safety training is conducted to prevent this incident from happening.

Supply Chain Management

AYER recognises the importance of a sustainable value chain to ensure minimising the environmental and social impacts throughout the supply chain. We hope to reduce our carbon footprint across the supply chain and aim to deal with suppliers, contractors, consultants and other service providers who adhere to sustainability best practices.

We intend to conduct assessments for environmental and social impacts for all our material contractors, consultants and vendors in the coming years.

Local Suppliers

In 2023, out of RM90.3 million spent on procurement, 99.93% was spent on local suppliers.

	2021	2022	2023
Proportion of spending on local suppliers	99.86%	99.89%	99.93%

Diversity, Equity & Inclusion

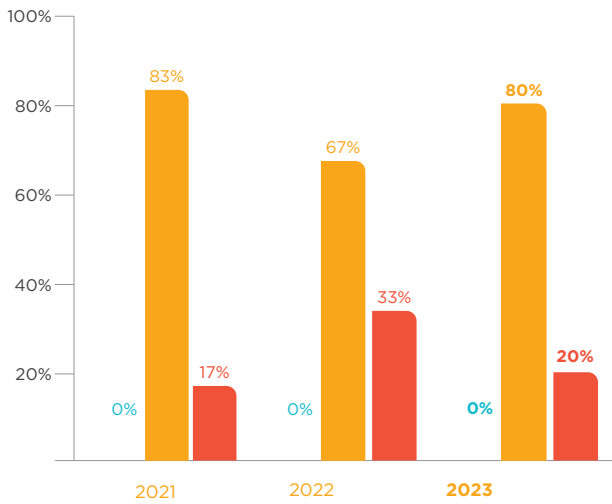
AYER believes that a diverse, equitable and inclusive workforce will provide a higher level of dynamism and better economic performance for the organisation. More ideas and views from different perspectives will enable the Group to make better decisions. Hence, AYER strictly adheres to the practice of non-discrimination in providing equal employment opportunities and workforce diversity which includes diversity at the Board of Directors. AYER has established both a Board Diversity Policy and an Employee Diversity Policy since 2016. We endeavour to have a diverse Board and staff.

During the year, AYER became an Advocate Member of the 30% Club Malaysia Chapter. The 30% Club is a global business-led campaign founded in the UK to advocate for gender parity (diversity, equality and inclusion) in boardrooms and senior leadership.

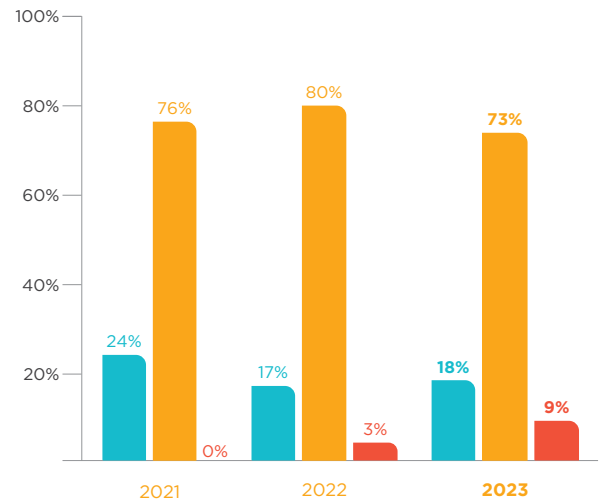
SUSTAINABILITY STATEMENT

Age Diversity by Employee Category

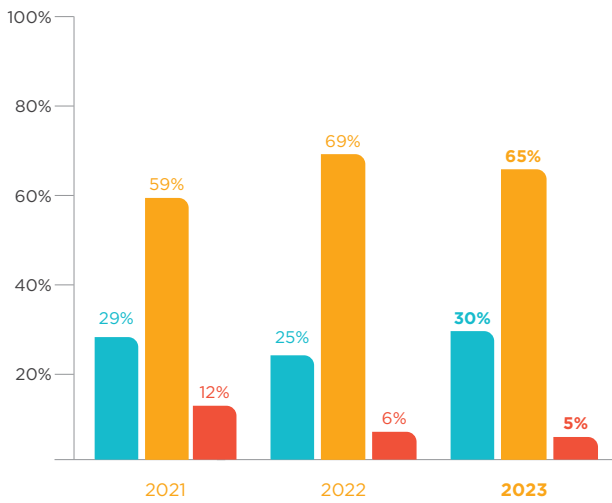
Managers



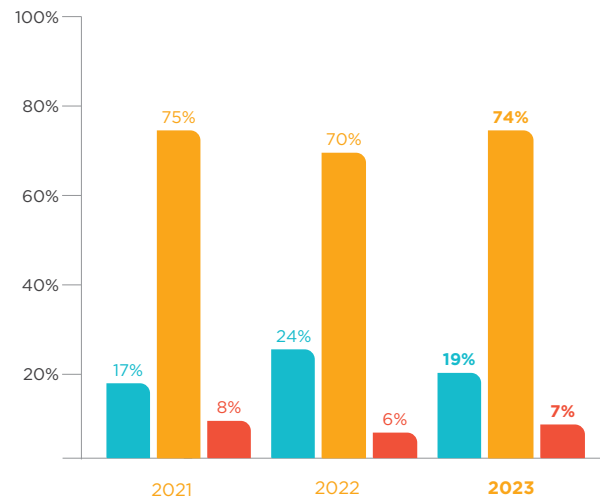
Executives



Non-Executives



General Workers

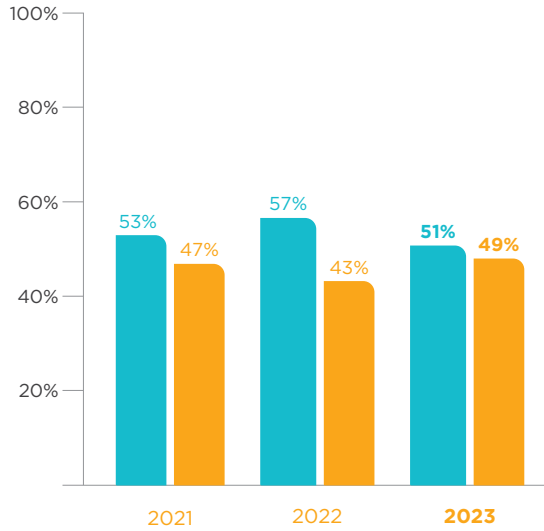


■ <30
 ■ 30-55
 ■ >55

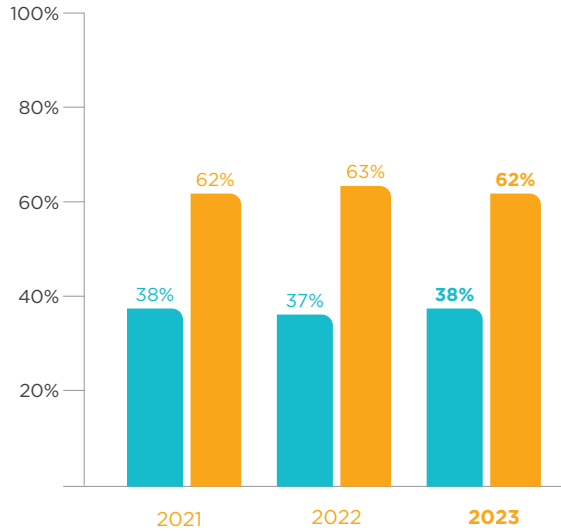
SUSTAINABILITY STATEMENT

Gender Diversity by Employee Category

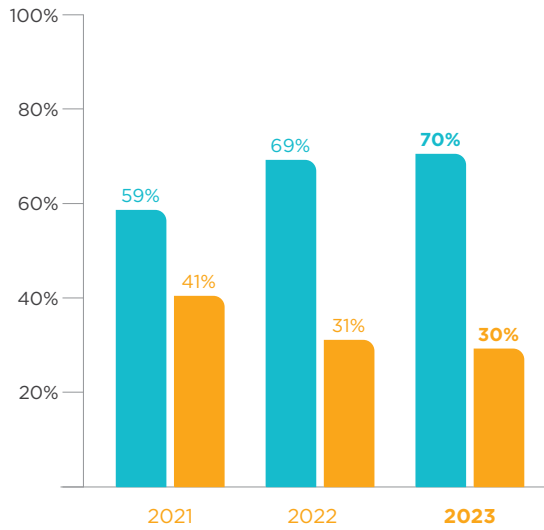
Managers



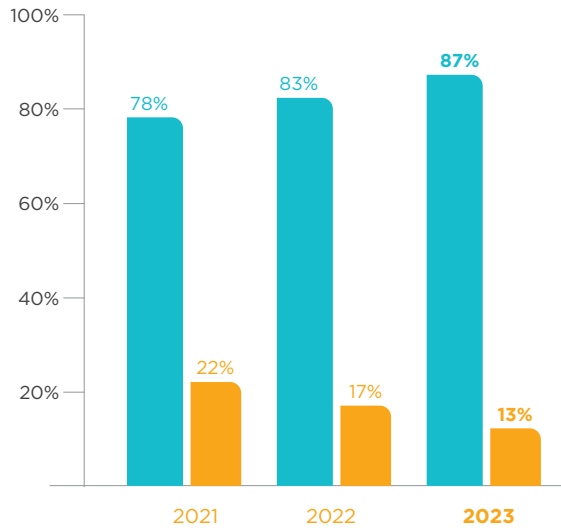
Executives



Non-Executives



General Workers

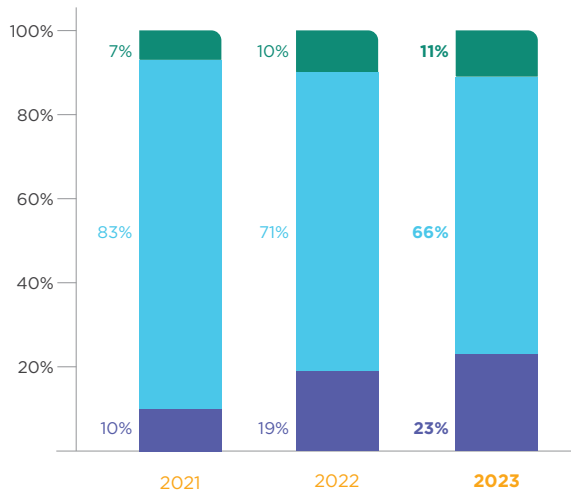


Male Female

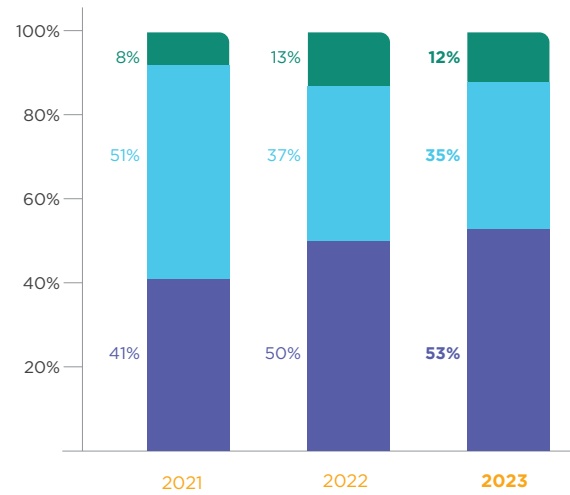
SUSTAINABILITY STATEMENT

Ethnic Diversity by Employee Category

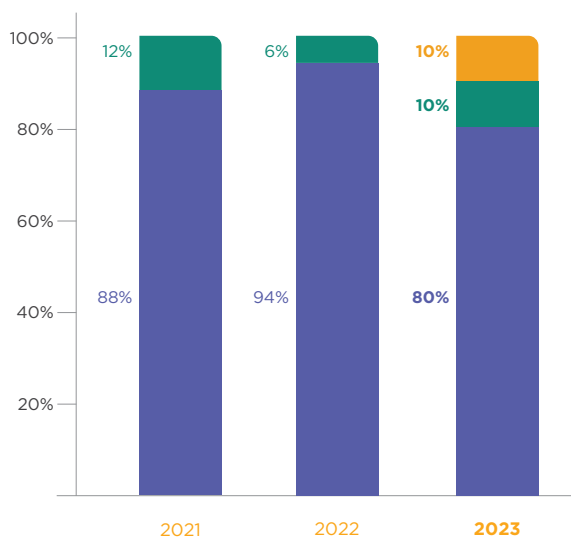
Managers



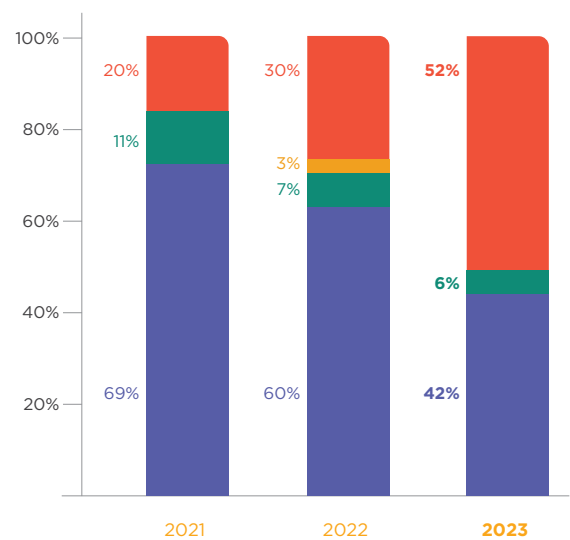
Executives



Non-Executives



General Workers

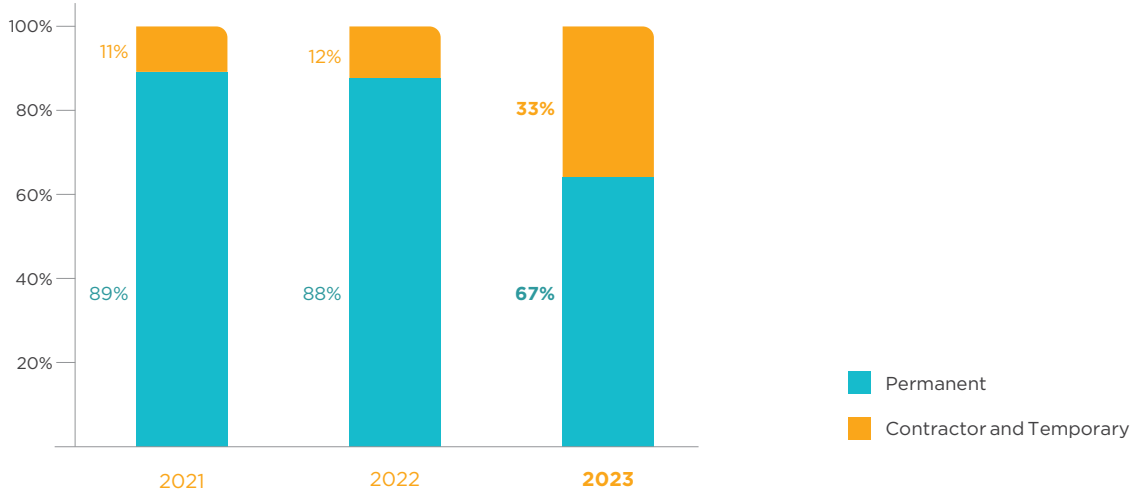


■ Malay
 ■ Chinese
 ■ Indian
 ■ Others
 ■ Foreigners

SUSTAINABILITY STATEMENT

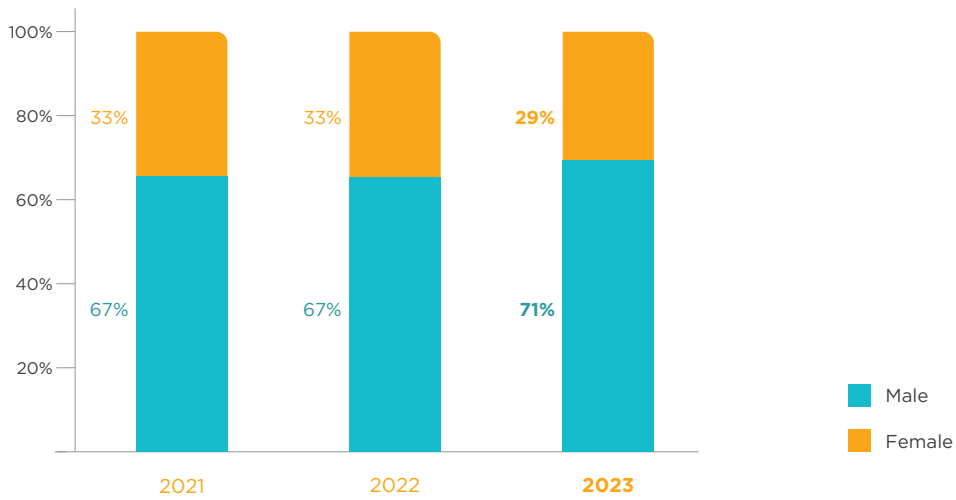
Employee Composition by Employment Status

Employee Composition

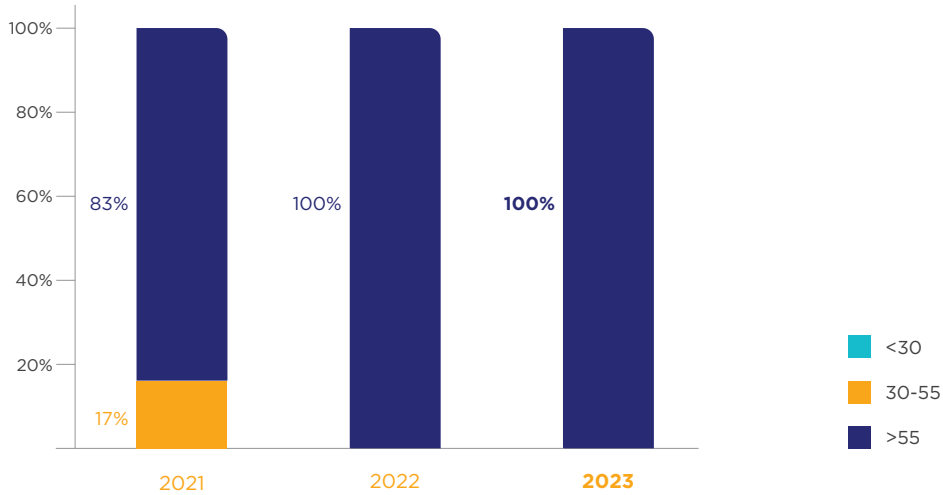


Board Diversity

Board Diversity by Gender



Board Diversity by Age



SUSTAINABILITY STATEMENT

Human Rights

AYER advocates that our employees are accorded fair and proper treatment and with due respect. This will promote a conducive work environment and consequently productivity. AYER is committed to upholding human rights when conducting our business as reflected in our Employee Handbook.

All employees including our plantation division have access to healthcare facilities. The Group completed 30 units single-story semi-detached workers quarters at Kretay Estate during the year which is expected to improve the workers' welfare.

AYER has a Whistleblower Policy that enables employees and other stakeholders to lodge reports regarding any suspected misconduct, corporate misbehaviour, fraudulent activities and non-compliance without fear and retaliation through our website at <http://ayer.com.my/our-story>.

During the year, we have not received any complaints concerning human rights violation.

**Community Investment**

AYER strongly supports the development of communities where we operate. As a responsible corporate citizen, we aim to help others "Celebrate Life" through providing career opportunities to the youth segment.

Besides undertaking Corporate Social Responsibility ("CSR") initiatives through donation, AYER participates in the sponsorship of MYTC-MEOA Conductorship programme which provides education and employment opportunities for marginalised youth to learn and acquire new skills in the plantation industry. During the year, we employed 2 graduates and provided internship opportunities to 2 trainees under this programme.

Community Investment

	2021	2022	2023
Total amount invested in the community where the target beneficiaries are external to AYER	RM32,400	RM22,750	RM48,400
Total number of beneficiaries of the investment in communities	2	3	7

Membership in Associations

Industry	Organisation	AYER's Representative
Property	Real Estate and Housing Developers' Association ("REHDA")	AYER Holdings Berhad
	The International Real Estate Federation ("FIABCI")	Ordinary Corporate Membership - AYER Holdings Berhad
Plantation	Malaysian Palm Oil Association ("MPOA")	Yee Seng Plantations Sdn Bhd
	The Malaysian Estate Owners' Association ("MEOA")	Yee Seng Plantations Sdn Bhd
	Malayan Agricultural Producers Association ("MAPA")	Yee Seng Plantations Sdn Bhd
Public Listed Companies	30% Club Malaysia Chapter	AYER Holdings Berhad

SUSTAINABILITY STATEMENT

PERFORMANCE TABLE (BURSA ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2021	2022	2023
Anti-corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Managers	Percentage	0.00	0.00	0.00
Executives	Percentage	0.00	0.00	0.00
Non-Executives	Percentage	0.00	0.00	0.00
General Workers	Percentage	0.00	0.00	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Cybersecurity & Data Protection				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Corporate Governance, Compliance & Integrity				
Number of breaches of rules, regulations and policies	Number	0	0	0
Climate Change and Energy Management				
Bursa C4(a) Total energy consumption	Megawatt	670.03	650.54	712.30
Number of incident of fire, soil erosion	Number	0	0	0
Water Management				
Bursa C9(a) Total volume of water used	Megalitres	11.300000	11.490000	10.180000
Employee Management				
Bursa C6(a) Total hours of training by employee category				
Managers	Hours	58	35	195
Executives	Hours	54	0	590
Non-Executives	Hours	0	0	288
General Workers	Hours	101	69	299
Bursa C6(c) Total number of employee turnover by employee category				
Managers	Number	11	17	8
Executives	Number	8	14	6
Non-Executives	Number	2	5	6
General Workers	Number	23	15	19
Attrition rate	Percentage	24.00	29.00	21.00
Health & Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.38
Bursa C5(c) Number of employees trained on health and safety standards	Number	146	120	185
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.86	99.89	99.93
Diversity, Equity & Inclusion				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Managers Under 30	Percentage	0.00	0.00	0.00
Managers Between 30-55	Percentage	83.00	67.00	80.00
Managers Above 55	Percentage	17.00	33.00	20.00
Executives Under 30	Percentage	24.00	17.00	18.00
Executives Between 30-55	Percentage	76.00	80.00	73.00
Executives Above 55	Percentage	0.00	3.00	9.00
Non-Executives Under 30	Percentage	29.00	25.00	30.00
Non-Executives Between 30-55	Percentage	59.00	69.00	65.00
Non-Executives Above 55	Percentage	12.00	6.00	5.00
General Workers Under 30	Percentage	17.00	24.00	19.00
General Workers Between 30-55	Percentage	75.00	70.00	74.00
General Workers Above 55	Percentage	8.00	6.00	7.00

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2021	2022	2023
Gender Group by Employee Category				
Managers Male	Percentage	53.00	57.00	51.00
Managers Female	Percentage	47.00	43.00	49.00
Executives Male	Percentage	38.00	37.00	38.00
Executives Female	Percentage	62.00	63.00	62.00
Non-Executives Male	Percentage	59.00	69.00	70.00
Non-Executives Female	Percentage	41.00	31.00	30.00
General Workers Male	Percentage	78.00	83.00	87.00
General Workers Female	Percentage	22.00	17.00	13.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67.00	67.00	71.00
Female	Percentage	33.00	33.00	29.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-55	Percentage	17.00	0.00	0.00
Above 55	Percentage	83.00	100.00	100.00
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	11.00	12.00	33.00
Human Rights				
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Community Investment				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	32,400.00	22,750.00	48,400.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2	3	7

BOARD OF DIRECTORS' PROFILE

MR. LIM KEE CHOON* *Non-Independent Non-Executive Chairman*

AGE 67 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 10 August 1994

Mr. Lim was appointed to the Board on 10 August 1994 and was re-designated as an Executive Director on 1 December 2002. On 17 October 2016, he was re-designated as a Non-Independent Non-Executive Director of the Company. On 1 January 2022, he was appointed as Chairman of the Board. Mr. Lim does not sit on any Board Committee as the Company adopts the best practice recommended by the Malaysian Code on Corporate Governance 2021 whereby Chairman of the Board should not be a member of a Board Committee.

Mr. Lim is also a Director of Red Ideas Holdings Berhad and several other private companies. He is also a trustee of both the Alzheimer's Disease Foundation Malaysia and Yayasan Lim Yee Hoh.

Mr. Lim graduated with degrees in Law and Commerce from the University of Melbourne, Australia in 1978 and has been admitted to practice law in Malaysia and in the State of Victoria, Australia.

Besides Red Ideas Holdings Berhad, Mr. Lim does not have any directorship in other public companies or listed issuers in Malaysia.

MR. LIM KE HUN* *Non-Independent Non-Executive Director*

AGE 72 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 3 May 1994

Mr. Lim was appointed to the Board on 3 May 1994 and was re-designated as an Executive Director on 1 December 2002. On 17 October 2016, he was re-designated as a Non-Independent Non-Executive Director. He is a member of Board Risk Committee since 1 January 2022. On 15 December 2023, Mr. Lim was appointed as a member of Board Sustainability Committee.

Mr. Lim is also a Director of several other private companies.

Mr. Lim graduated from The Chartered Institute of Marketing of London, United Kingdom.

Mr. Lim does not have any directorship in other public companies or listed issuers in Malaysia.

BOARD OF DIRECTORS' PROFILE

MS. LIM WAN YEE* *Non-Independent Non-Executive Director*

AGE 57 | **NATIONALITY** Malaysian | **GENDER** Female | **APPOINTED ON** 18 May 1994

Ms. Lim was appointed to the Board on 18 May 1994 and was re-designated as an Executive Director on 1 December 2002. On 17 October 2016, she was re-designated as a Non-Independent Non-Executive Director and appointed to the Board's Strategy & Oversight Committee, serving as a member until its dissolution on 1 January 2022. She is currently a member of the Board Risk Committee and the Chair of the Board Sustainability Committee.

Ms. Lim is a Director of Bee Guan Sdn Bhd and several other private companies. She is a Council Member of the Malaysian Estate Owners' Association and a Member of the High Conservation Value Committee of the Malaysian Palm Oil Certification Council. She is also the Founder of The Godown, which is an arts centre in Downtown Kuala Lumpur.

Ms. Lim has a Bachelor's degree in Management Science and a Master's degree in Operational Research from the London School of Economics, University of London. She completed the Oxford Climate Emergency Program of the Saïd Business School, University of Oxford in 2021, and has a keen interest in regenerative agriculture.

Ms. Lim does not have any directorship in other public companies or listed issuers in Malaysia.

MR. CHIN YOONG KHEONG *Independent Non-Executive Director*

AGE 65 | **NATIONALITY** Malaysian | **GENDER** Male | **APPOINTED ON** 1 January 2014

Mr. Chin was appointed to the Board on 1 January 2014. On 7 August 2023, he was redesignated from the Chairman to a member of the Board Risk Committee and from a member to the Chairman of the Nomination and Remuneration Committee. On 15 December 2023, he was redesignated from the Chairman to a member of the Audit Committee.

Mr. Chin was a partner of a Big 4 Accounting Firm and had served the Firm for more than 34 years in the United Kingdom, Vietnam and Malaysia. He is also an Independent Non-Executive Director of various companies under RHB Bank Berhad Group and in other private companies. He had also been appointed to various board positions for companies located in Singapore, Thailand, Vietnam, Cambodia and Laos.

Mr. Chin graduated with BA (Hons) Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Chin is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries.

Other than RHB Bank Berhad Group, Mr. Chin does not have any directorship in public companies or listed issuers in Malaysia.

BOARD OF DIRECTORS' PROFILE

TAN SRI ARPAH BINTI ABDUL RAZAK *Independent Non-Executive Director*

AGE 69 **NATIONALITY** Malaysian **GENDER** Female **APPOINTED ON** 1 October 2021

Tan Sri Arpah was appointed to the Board on 1 October 2021 as an Independent Non-Executive Director. On 1 January 2022, Tan Sri Arpah was appointed as a member of the Board Risk Committee, Audit Committee and Nomination and Remuneration Committee. On 7 August 2023, Tan Sri Arpah resigned as a member of the Board Risk Committee.

Tan Sri Arpah had previously worked in the Malaysian Civil Service sector for over 40 years. She held various posts at the local government and the federal government level. She was the Secretary General of the Ministry of Housing and Local Government prior to her appointment as the Chairman of Public Service Commission Malaysia in 2015. She retired from the Public Service Commission Malaysia in 2018.

Tan Sri Arpah graduated with a Second Class Upper Honours in Bachelor of Social Science (Pengajian Bandar) from Universiti Sains Malaysia and Masters of Planning from the University of Southern California, USA. She also obtained a post-graduate diploma in Public Administration from the National Institute of Public Administration (INTAN), certification in Human Resource Management from the University of New South Wales, Australia and has completed the Advanced Management Program from the Harvard Business School.

She is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries.

Tan Sri Arpah does not have any directorship in other public companies or listed issuers in Malaysia.

DATO' NG TIONG LIP *Independent Non-Executive Director*

AGE 67 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 1 July 2023

Dato' Ng was appointed to the Board on 1 July 2023. On 7 August 2023, he was appointed as the Chairman of the Board Risk Committee, a member of the Nomination and Remuneration Committee and a member of the Audit Committee. On 30 November 2023, the Company had established the Board Sustainability Committee and he was appointed as a member of the Board Sustainability Committee. On 15 December 2023, he resigned as a member of Audit Committee.

Dato' Ng has a Bachelor Degree of Economics from Monash University, Melbourne, Australia. He is a member of The Malaysian Association of Certified Public Accountants and a fellow member of the Chartered Accountants Australia and New Zealand.

Dato' Ng holds various positions in non-governmental associations, among which he is the Chairman of Real Estate Housing Developers Association Institute and is an advisor of The Malaysian REIT Managers Association. He is also a panel member of the Appeal Board under the Federal Territory (Planning Act 1982). Presently, he is the Chairman of Capitaland Malaysia Trust, after his appointment as Non-Executive Independent Director on 1 October 2023.

Dato' Ng has more than 38 years of extensive experience in the real estate, hotel, and banking industry. He previously held directorships in companies under Sunway Group including as the former CEO of Sunway REIT and served as the former Chairman of United Overseas Bank (Malaysia) Bhd.

He is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries.

Dato' Ng does not have any directorship in other public listed companies or listed issuers in Malaysia.

BOARD OF DIRECTORS' PROFILE

MR. RAYMOND YEOH CHENG SEONG *Independent Non-Executive Director*

AGE 61 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 1 November 2023

Mr. Raymond Yeoh was appointed to the Board on 1 November 2023. On 15 December 2023, he was appointed as Chairman of the Audit Committee, a member of the Nomination and Remuneration Committee and a member of the Board Sustainability Committee.

Mr. Raymond Yeoh earned his degree in Economics and Social Studies from the University of Manchester, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Banker.

He began his career at Deloitte Haskins & Sells, London in 1984 as an accountant and subsequently moved into banking. He held various positions in Singapore, Hong Kong and Malaysia including Joint Head of Asian Currency Trading at Merrill Lynch Singapore, Regional APAC Treasurer at Santander, Head of Treasury and Wealth Management at Hong Leong Bank and CEO of Deutsche Bank Malaysia. Mr. Raymond Yeoh concluded his banking career at Bank of America Merrill Lynch Malaysia as Country Head, Chief Executive Officer and Principal Officer of its Labuan branch. He retired in October 2023. Presently, Mr. Raymond Yeoh is Chairman of CIMB Investment Bank Berhad and a Director at IGB REIT Management Sdn Bhd.

He is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries.

Mr. Raymond Yeoh does not have any directorship in other public listed companies or listed issuers in Malaysia.

MDM. CHANG WEE YON[#] *Alternate Director to Ms. Lim Wan Yee*

AGE 80 **NATIONALITY** Malaysian **GENDER** Female **APPOINTED ON** 25 July 1994

Mdm. Chang is an alternate Director to Ms. Lim Wan Yee since 25 July 1994.

EDWIN JOSE GOMES *Alternate Director to Mr. Lim Kee Choon*

AGE 66 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 10 September 2021

Mr. Edwin, ACA, is as an alternate Director to Mr. Lim Kee Choon since 10 September 2021.

Note:

* *Cousin Relationship*

Mother of Ms. Lim Wan Yee

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS**Conflict of interest or potential conflict of interest, including interest in any competing business**

The Directors have no conflict of interest with the Company or its subsidiaries.

Convictions**(within the past 5 years, other than traffic offences)**

The Directors have not been convicted of any offences other than traffic offences, if any.

Interest in securities of the Company and its subsidiaries

Directors' interest in securities of the Company and its subsidiaries are disclosed in the Financial Statements and in the Analysis of Shareholdings of the Financial Report 2023.

Number of Board meetings attended in the financial year

The details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2023 are set out in the Corporate Governance Overview Statement.

SENIOR MANAGEMENT TEAM'S PROFILE

MR. CHUA SENG YONG *Group Chief Executive Officer*

AGE 62 **NATIONALITY** Malaysian **GENDER** Male **APPOINTED ON** 1 August 2022

Mr. Chua was appointed as Group Chief Executive Officer on 1 August 2022. He graduated with a degree in Economics (Accounting) from Monash University, Australia in 1985 and had also obtained his Master of Business Administration from Cranfield University, United Kingdom in 1991.

Mr. Chua started his career in 1985 as an accountant in YBH Group, which was involved in the property development industry and the retail of industrial diesel and petroleum products industry. He then joined Tan & Tan Developments Sdn Bhd as the Accounts Controller in 1988 and had held various positions within the company in both its hospitality and property development division. He was Group Accountant and was seconded to IGB Corporation Berhad ("IGBC") in 1994 as Financial Controller.

Mr. Chua was appointed as an Executive Assistant to Group Managing Director and alternate director to Dato' Seri Robert Tan on the Board of IGBC from 1999 until 2018. Following the delisting of IGBC, he assumed the position as Executive Assistant to the Group Chief Executive Officer of IGBC. He was appointed as a non-executive director of Negara Properties Berhad from 23 June 2006 until 31 December 2007 before Negara Properties Berhad was merged to form Sime Darby Property Berhad. Overall, Mr. Chua had more than 30 years of experience in property, construction, retail and hospitality industries.

Mr. Chua does not hold any directorship in any public companies or listed issuers in Malaysia. As per the Register of Principal Officer's Shareholdings as at 25th March 2024, he currently has a direct interest of 125,000 ordinary shares in the securities of the Company. He is not related to any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and have not been convicted for any offences other than traffic offence, if any, within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS. JEANNIE KHOO POH GAIK *Group Chief Operating Officer*

AGE 58 **NATIONALITY** Malaysian **GENDER** Female **APPOINTED ON** 1 July 2019

Ms. Khoo is a Fellow of The Chartered Governance Institute, UK and Malaysia. She was previously attached to a Fortune 500 multi-national corporation as Marketing Director for both Malaysia and Singapore, as Executive Director of a Big 4 Accounting Firm and as Chief Strategy Officer of a Public Listed Company prior to joining the Group. She was involved in the Strategic Reform Initiatives (SRI) for Malaysia's New Economic Model (NEM) and was a member of the Industry Advisory Committee of Jabatan Pengajian Politeknik under the Ministry of Higher Education from 2012 till 2016.

Ms. Khoo does not hold any directorship in any public companies or listed issuers in Malaysia. She is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries. She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and have not been convicted for any offences other than traffic offences, if any, within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

SENIOR MANAGEMENT TEAM'S PROFILE

MS. LOH LAI PHUI *Group Chief Financial Officer*

AGE 51 | **NATIONALITY** Malaysian | **GENDER** Female | **APPOINTED ON** 1 January 2022

Ms. Loh was appointed as Group Chief Financial Officer on 1 January 2022. She graduated with a degree in Accounting & Finance from Lancaster University, United Kingdom. She is a member of Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants. She had held various positions in finance, corporate finance and corporate strategy in both private and public listed companies.

Ms. Loh does not hold any directorship in any public companies or listed issuers in Malaysia. She is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries. She does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and have not been convicted for any offences other than traffic offences, if any, within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. PHUA KIA PAU *Chief Financial Officer for Property and Plantation Division*

AGE 53 | **NATIONALITY** Malaysian | **GENDER** Male | **APPOINTED ON** 27 December 2021

Mr. Phua was appointed as Chief Financial Officer for the Property and Plantation Division on 27 December 2021. He is a member of Malaysian Institute of Accountants, Chartered Accountants Australia & New Zealand and Chartered Tax Institute of Malaysia. He has various experience in international audit firm, hospitality and property development industries.

Mr. Phua does not hold any directorship in any public companies or listed issuers in Malaysia. He is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and have not been convicted for any offences other than traffic offences, if any, within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. ONG CHIN TECK *Chief Operating Officer for Property Division*

AGE 55 | **NATIONALITY** Malaysian | **GENDER** Male | **APPOINTED ON** 8 March 2023

Mr. Ong was appointed as Chief Operating Officer for Property Division on 8 March 2023. He graduated with an honour's degree in Housing, Building & Planning from Universiti Sains Malaysia, Penang, Malaysia. He is a member of the Property Surveying Division, Royal Institution of Surveyors Malaysia. He has a total 29 years of working experience in both property development and property investment, including hotel, shopping mall, office tower, university and hospital.

Mr. Ong does not hold any directorship in any public companies or listed issuers in Malaysia. He is not related to any Director and/or major shareholder of the Company and does not have any interest in the securities of the Company and/or its subsidiaries. He does not have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and has not been convicted for any offences other than traffic offences, if any, within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of AYER Holdings Berhad (“AYER” or the “Company”) is committed to maintaining high standards of corporate governance in conducting the affairs and business of AYER and its subsidiaries (the “Group”). This is to ensure that the interests of shareholders and other stakeholders are protected and that shareholders’ value continues to be enhanced. Pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board is pleased to present the Group’s application of the principles as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”):

A. Board leadership and effectiveness;

B. Effective audit and risk management;

C. Integrity in corporate reporting and meaningful relationship with stakeholders; and

D. Nomination and Remuneration Committee.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2023 which is available on the Company’s website at <http://ayer.com.my>

A. BOARD LEADERSHIP AND EFFECTIVENESS

1. The Board Roles and Responsibilities

The Board is responsible, amongst others, for setting and communicating the strategic direction, enhancing corporate values of the Group and supervising its affairs to ensure its success within a framework of acceptable risks. It also reviews the performance of the management team and ensures that the necessary resources are available to meet the Group’s objectives.

The Board delegates specific responsibilities to the respective committees of the Board, all of which operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.

The functions of the Board and Management are clearly demarcated to ensure the effectiveness of the Group’s operations and are guided by the Discretionary Authority Limits which defines the limits of authority designated to specified positions within the Group and to establish the types and obligations that may be approved by individuals or groups of individuals. The Group Chief Executive Officer (“GCEO”), Group Chief Operating Officer (“GCOO”), Group Chief Financial Officer (“GCFO”), Chief Operating Officer - Property (“COO - Property”), Chief Financial Officer (“CFO”) and respective Departmental Heads (collectively “Management”) are accountable for the daily management of operational and financial matters of the Group.

2. Composition

The MCCG recommends that at least half of the Board comprises Independent Directors. The Company has a total of seven (7) Directors, four (4) of whom are Independent Directors (57%) and three (3) of whom are Non-Independent Directors (43%).

The Independent Directors have provided independent, objective and impartial opinion during Board’s deliberation and decision making. The significant contribution of the Independent Directors is evidenced by their participation as members of the Board Committees.

The MCCG recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. After serving for nine (9) years, an Independent Director may continue to serve on the board as a Non-Independent Director. If the board intends to retain the Independent Director beyond nine (9) years, the board should provide justification and seek annual shareholders’ approval through a two-tier voting process. The Company will also comply with the tenure limits for Independent Directors stipulated in the Main Market Listing Requirements (“MMLR”) of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Tan Sri Datuk Yong Poh Kon, who had served on the Board as an Independent Director for more than twelve (12) years, had been redesignated as Non-Independent Non-Executive Director upon the conclusion of the 112th Annual General Meeting of the Company on 24 May 2023 to comply with the MMLR of Bursa Securities. Tan Sri Datuk Yong Poh Kon had retired as a Director of the Company on 31 December 2023.

Mr. Chin Yoong Kheong had served on the Board as an Independent Director for a cumulative term of more than nine (9) years. The Board, after considering the recommendation of the Nomination and Remuneration Committee (“NRC”) and without the participation of Mr. Chin Yoong Kheong, resolved to retain him as an Independent Director as he brings a wealth of knowledge and experience to the Company. In addition, he provides effective checks and balances in Board proceedings and continues to exercise his independent and objective judgment in deliberations during Board and Board Committee meetings. In accordance with the MCCG, the resolution to retain Mr. Chin Yoong Kheong as an Independent Non-Executive Director of the Company was duly passed by way of poll voting at the 112th Annual General Meeting of the Company held on 24 May 2023 through a two-tier voting process.

The MCCG further recommends that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee. Mr. Lim Kee Choon, the Chairman of the Board, does not sit on any of the Board Committees.

3. Remuneration

The NRC and the Board ensure that the Company’s remuneration policy is in line with the Company’s corporate objectives and the interest of the shareholders of the Company. The remuneration packages of Directors and the Senior Management team are also sufficiently attractive to attract and retain persons of high calibre. The salient elements of the Directors’ remuneration policy are set out in details in the Corporate Governance Report 2023.

A summary of the Directors’ remuneration paid/payable during the financial year ended 31 December 2023 (“FYE 2023”) is appended below:-

	Company			Subsidiaries		
	Fees RM’000	Others* RM’000	Company Total RM’000	Fees RM’000	Others* RM’000	Group Total RM’000
Directors						
Mr. Lim Kee Choon	204	50	254	-	-	254
Mr. Lim Ke Hun	146	52	198	-	-	198
Ms. Lim Wan Yee	148	54	202	-	-	202
Tan Sri Datuk Yong Poh Kon (retired on 31 December 2023)	75	43	118	-	-	118
Mr. Chin Yoong Kheong	215	69	284	-	-	284
Tan Sri Arpah Binti Abdul Razak	185	60	245	-	-	245
Dato’ Ng Tiong Lip (appointed on 1 July 2023)	101	31	132	-	-	132
Mr. Raymond Yeoh Cheng Seong (appointed on 1 November 2023)	24	9	33	-	-	33
Total	1,098	368	1,466	-	-	1,466

* Others include meeting allowances, insurance premium, medical expenses, mobile phone bills, professional bodies memberships, travelling, training and entertainment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. Commitment

The Board is expected to meet at least six (6) times annually with additional meetings to be convened when necessary. All Directors of the Board have attended all ten (10) Board Meetings held during FYE 2023.

The Board through the NRC evaluates and determines the specific and continuous training needs for each of the Directors on a regular basis. A summary of the Directors' training during during FYE 2023 is appended below:-

Name of Directors	Training Programme
Mr. Lim Kee Choon	<ul style="list-style-type: none"> • Budget 2024 Key Highlights and e-Invoicing by PricewaterhouseCoopers Taxation Services Sdn Bhd (“PwC”) • Mandatory Accreditation Programme Part II: Leading For Impact
Mr. Lim Ke Hun	<ul style="list-style-type: none"> • Budget 2024 Key Highlights and e-Invoicing by PwC • Mandatory Accreditation Programme Part II: Leading For Impact
Ms. Lim Wan Yee	<ul style="list-style-type: none"> • Budget 2024 Key Highlights and e-Invoicing by PwC • Mandatory Accreditation Programme Part II: Leading For Impact
Mr. Chin Yoong Kheong	<ul style="list-style-type: none"> • Pivoting into Optimism in 2023 • ‘12th ASIA UNDERCURRENT WEBINAR’ on ‘The Future of the Indo-Pacific Economic Order: Finding a Path Forward’ organised by Nikkei Asia • Global Market Economics and Market Strategy Series on ‘China - Time to Exit’ • ICAEW webinar on “Firm-wide Risk Assessments” • “Governance and Risk Management” by Asia School of Business • FIDE FORUM on “The Future Board Talent in Financial Services Industry” • “Net Zero within Financial Institutions & Approach and Recommendation on Net Zero Strategy” by EY • Budget 2024 Key Highlights and e-Invoicing by PwC • Mandatory Accreditation Programme Part II: Leading For Impact
Tan Sri Arpah Binti Abdul Razak	<ul style="list-style-type: none"> • Advocacy Session for Directors and CEOs of Main Market Listed Issuers • Budget 2024 Key Highlights and e-Invoicing by PwC • Mandatory Accreditation Programme Part II: Leading For Impact
Madam Chang Wee Yon	<ul style="list-style-type: none"> • Company Tax Savings Webinar by TaxPOD
Dato’ Ng Tiong Lip	<ul style="list-style-type: none"> • Sunway Leadership Conference by Sunway • Housing Forward Roundtable discussion on Cost of Doing Business by REDHA Institute • Regional Housing Conference 2023 by REDHA Institute • A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for ALL PLCs by Institute of Corporate Directors Malaysia • Update on Sustainability: (1) UOB Net Zero Commitment by UOB Malaysia and (2) Climate risk trends and regulatory expectation by Oliver Wyman • Business Segment Presentation - Wholesale Banking by UOB Malaysia • Asia Real Estate Leaders Masterclass & Tour in Singapore by REDHA Institute • Strategies Stakeholder Engagement - A Case Study on Calsberg Brewery Malaysia Berhad by Black Sun Plc • The Rise of ESG Awareness in Commercial Transactions by RDS Advocates & Solicitors • Green Build Conference 2023 by REDHA Institute • Budget 2024 Key Highlights and e-invoicing briefing by PwC • CEO Series 2023 (Economy and Business Forum) by REDHA Institute
Mr. Raymond Yeoh Cheng Seong	<ul style="list-style-type: none"> • Budget 2024 Key Highlights and e-Invoicing by PwC
Edwin Jose Gomes	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading For Impact

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. EFFECTIVE AUDIT AND RISK MANAGEMENT**1. Audit Committee**

The Audit Committee (“AC”) comprised of all Independent Directors. The AC has adopted a policy that any Director who is a key audit partner shall be subjected to a three (3)-year cooling-off period before being appointed as a member of the AC.

2. Risk Management and Internal Control Framework

The Board has established a risk management framework within the Group to identify, monitor and manage the risks which may occur or have existed within the Group. The Board Risk Committee led by an Independent Non-Executive Director has established the framework and approaches on all strategic and policy matters in relation to risk management within the Group. More information on the Group’s risk management process is outlined in the Statement on Risk Management and Internal Control and the Corporate Governance Report 2023.

Details of the Company’s internal control system and the review of its effectiveness has been outlined in the Statement on Risk Management and Internal Control and the Corporate Governance Report 2023.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**1. Communication with Stakeholders**

The Board is committed to provide shareholders and other stakeholders with accurate, useful and timely information about the Company’s businesses and activities. Communications are made through announcement to Bursa Securities and the Company’s website.

The Company’s website at www.ayer.com.my provides all relevant corporate information and is easily accessible to the public. The ‘Investor Relations’ section of the Company’s website provides all announcements made by the Company, quarterly reports, annual reports, summary of key matters discussed at the 105th to 109th Annual General Meetings and minutes of the 110th to 112th Annual General Meetings. The ‘News & Happenings’ section of the Company’s website provides corporate social responsibility events undertaken by the Group.

2. Conduct of General Meetings

The shareholders of the Company are encouraged and are given the opportunity during the Annual General Meeting to raise questions regarding the operations of the Group. The Company will ensure that all Board members, the chairs of the Board Committees, the Management team, the Group’s External Auditors and advisors are available to respond to shareholders’ questions during the Annual General Meeting and other general meetings.

D. NOMINATION AND REMUNERATION COMMITTEE

The NRC comprised of all Independent Directors. The NRC met eight (8) times during the FYE 2023. All the meetings were attended by all members of the Committee and the following activities were carried out:

- Reviewed the bonus pool allocation and increment for eligible employees of the Group;
- Assessed the fit and properness of Directors and recommended Directors who are eligible to stand for re-election to the Board for recommendation to the shareholders for approval at the Annual General Meeting;
- Assessed the competency and diversity matrix of the Board and Board Committees. The assessment is based on Board Diversity Policy which outlines the policies on board composition having regard to the independence, skills and experience, gender, nationality and age;
- Evaluated the performance of the Board and Board Committees based on the criteria on the areas of Board mix and composition, quality of information and decision making, Board’s Relationship with the Management, Boardroom activities, Board Chairman’s role and responsibilities, Environmental, Social and Governance issues and effectiveness of each Board Committees;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Evaluated the performance of individual Directors and the independence of the Independent Directors based on the criteria which include their abilities and competencies, personality, technical knowledge, knowledge of listing requirements, level of participation and contribution to the business strategies of the Group;
- Reviewed the terms of office of the AC and the assessment on the performance, effectiveness and financial literacy of the AC and members of the AC in discharging their duties and obligation in accordance with the terms of reference;
- Reviewed and recommended the Directors' fees and benefits payable to the Directors of the Board for recommendation to the shareholders for approval at the Annual General Meeting;
- Reviewed and recommended the revision in the Board of Director's Guidelines to the Board for approval;
- Reviewed the candidates for appointment as additional Independent Directors of the Company and carry out interview with the shortlisted candidates. Thereafter, candidates suitable to be appointed to the Board are recommended to the Board for approval;
- Reviewed and recommended the changes in the composition of the Board Committees to the Board for approval;
- Reviewed and recommended the revision in the Terms of Reference of the Nomination and Remuneration Committee and the adoption of the Terms of Reference of Board Sustainability Committee to the Board for approval;
- Reviewed the succession planning for Senior Management and Board of Directors of AYER; and
- Reviewed and recommended the renewal of the Fixed Term Contract of the Group Chief Financial Officer and the Chief Financial Officer to the Board for approval.

ADDITIONAL INFORMATION

1. Statement on Directors' Responsibility

The Directors are required under the Companies Act 2016 ("the Act") to prepare financial statements of the Group and the Company which will give a true and fair view of the state of affairs at the end of the financial year and of the results and cash flows for the financial year then ended. As required by the Act and the MMLR of Bursa Securities, the financial statements have been prepared in accordance with the provisions of the Act and approved accounting standards in Malaysia.

The Directors consider that in preparing the financial statements for the FYE 2023 as set out in this Annual Report, the Group has used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have the responsibility of ensuring that the Group and the Company keep proper accounting records which enable them to ensure that the financial statements comply with the Act.

2. Utilisation of Proceeds

The Company did not raise funds through any corporate proposals during the FYE 2023.

3. Material Contracts Involving the Interests of the Directors, Group Chief Executive Officer and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries which involved Directors', GCEO's and Major Shareholders' interest subsisting at the end of the previous financial year or entered into during the financial year. There was no contract relating to a loan by the Company and its subsidiaries in respect to material contracts.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee ("AC") comprises the following members:

Mr. Raymond Yeoh Cheng Seong (appointed on 15 December 2023)	Independent Non-Executive Director, Chairman
Mr. Chin Yoong Kheong (redesignated from Chairman to member on 15 December 2023)	Independent Non-Executive Director, member
Tan Sri Arpah Binti Abdul Razak	Independent Non-Executive Director, member
Dato' Ng Tiong Lip (appointed on 7 August 2023, resigned on 15 December 2023)	Independent Non-Executive Director, member
Tan Sri Datuk Yong Poh Kon (resigned on 7 August 2023)	Independent Non-Executive Director, member

2. TERMS OF REFERENCE

The Terms of Reference of the AC is available for reference on the Company's website at www.ayer.com.my. The details of the scope of responsibilities, policies and procedures of the AC are disclosed in the Corporate Governance Report 2023.

3. MEETINGS OF THE AUDIT COMMITTEE

The AC had convened six (6) meetings during the financial year and all members of AC had attended all meetings. Other members of the Board and senior management, upon invitation by the AC, were also present at the meetings.

4. SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year under review, the AC carried out the following activities and discharged its duties as outlined in the terms of reference:

a) Oversight of Financial Reporting

- Reviewed and recommended to the Board for approval the quarterly unaudited financial results and the Company's annual audited financial statements for the financial year;
- Reviewed and recommended to the Board for approval the Corporate Governance Report, Sustainability Statement, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report; and
- Considered reports and feedback from the Senior Management on the outcome of their quarterly reviews and liaised with the Internal Auditors and External Auditors as and when required.

AUDIT COMMITTEE REPORT

b) Oversight of External Auditors

- Reviewed the audit planning memorandum (inclusive of audit approach, scope of work and audit fees) before commencement of annual audit;
- Reviewed with the External Auditors their report, findings and key audit matters raised arising from the statutory audit for the financial year. Key audit matters as disclosed in the Independent Auditors' Report vetted by the Audit Committee were deliberated;
- Reviewed the independence of the External Auditors and had received written assurance that the External Auditors are independent throughout the conduct of the audit;
- Evaluated the performance and effectiveness of the External Auditors. The AC had recommended the re-appointment of Messrs. Khoo, Wong & Chan as the External Auditors for the ensuing financial year for the approval by shareholders at the Annual General Meeting;
- Convened one (1) meeting with the External Auditors without the attendance of the management; and
- Reviewed the audit and non-audit services provided by the External Auditors and their affiliated firm during the financial year as tabled below. The Audit Committee had concluded that these services have not compromised the External Auditors' independence and objectivity in view of these services are compliant in nature.

	Group (RM'000)	Company (RM'000)
Audit fee	118	48
Non-audit fees	14	8

c) Oversight of Internal Auditors

- Reviewed the internal audit reports, its audit findings, the management responses to the audit findings and the appropriate actions to be taken;
- Reviewed and approved internal audit plans;
- Reviewed the status report on actions implemented by management to rectify the outstanding audit issues;
- Convened one (1) meeting with the Internal Auditors without the attendance of the management; and
- Reviewed and recommended to the Board the appointment of in-house and re-appointment of outsourced Internal Auditors.

d) Related Party Transactions

- Reviewed the related party transactions entered by the Group.

e) Oversight of Internal Control

- Reviewed and recommended to the Board for approval the proposed revisions of the discretionary authority limits;
- Reviewed and recommended to the Board for approval the proposed revisions of the authorised signatories and operations of banking accounts for banking transactions;
- Reviewed and provided comments to the Board on the Group's budget for the financial year ending 31 December 2024; and
- Reviewed with Internal Auditors the adequacy and effectiveness of internal control and risk management system.

AUDIT COMMITTEE REPORT

f) Other Activities

- Reviewed and recommended the payment of dividend in respect of the year ended 31 December 2022 to the Board for recommendation to the shareholders for approval at the Annual General Meeting;
- Reviewed the revision in the Group's segmental result presentation for a more meaningful presentation of financial information of the Group's business segments;
- Reviewed the revision and applicability of accounting policies relating to durian inventories and biological assets, as well as revision in estimated useful lives and immature periods of bearer plants;
- Reviewed the financial projection for durian business and its breakeven period; and
- Reviewed and recommended to the Board for approval for the announcements to Bursa Malaysia Securities Berhad on the Group's plantation production figures.

5. INTERNAL AUDIT FUNCTION

On 5 April 2023, the Company had appointed a Senior Manager of Internal Audit, who served as the Company's in-house Internal Auditors. The internal audit function is undertaken by both the in-house Internal Auditors and outsourced Internal Auditors, namely, Crowe Governance Sdn Bhd ("Crowe Governance"), which is a professional services firm (collectively, "Internal Auditors"). The Internal Auditors report directly to the Audit Committee. The Internal Auditors assist the Audit Committee by carrying out independent assessments of the adequacy and effectiveness of the internal control system as established and monitored by the management.

The Internal Auditors carried out the internal audits based on the risk-based internal audit plan reviewed and approved by the Audit Committee and guided by the Institute of the Internal Auditors' International Professional Practices Framework.

During the financial year under review, the Internal Auditors had conducted internal control reviews on Gali Estate & Durian Sales Collection function, Procurement to Payment function, Finance function and Plantation Operations in Kretay Estate. The costs incurred for maintaining the internal audit function for the financial year under review was RM257,873.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the Group’s Statement on Risk Management and Internal Control, which describes the key features of the risk management and internal controls system for the year under review.

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 10.2 of the Malaysian Code on Corporate Governance (“MCCG”).

THE BOARD’S RESPONSIBILITY

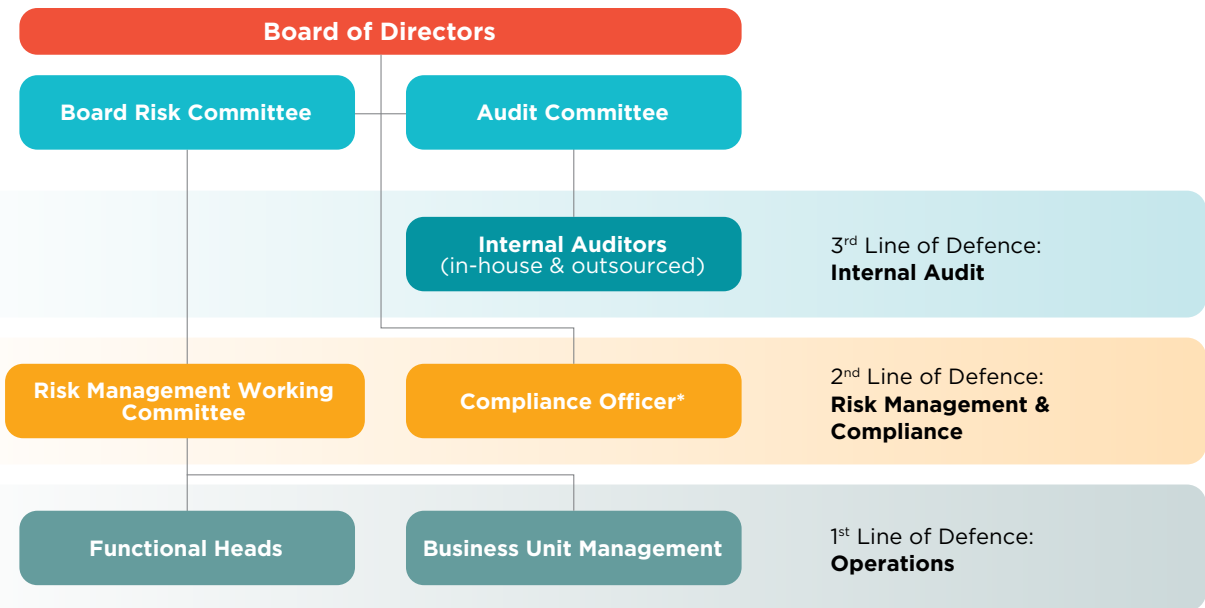
The Board, in discharging its responsibilities, is fully committed to maintaining an appropriate risk management and internal controls system that support the achievement of the Group’s objectives. The internal controls cover not only financial controls but also operational and compliance controls, as well as risk management.

The Board has established a risk management framework for identifying, evaluating and managing significant risks faced by the Group. This framework is designed to manage the risk of failure in achieving the Group’s business objectives and to provide reasonable assurance against material misstatements or loss. Periodic reviews are carried out to assess the effectiveness, adequacy and integrity of the framework and to ensure that it remains relevant to prevailing business environment.

The Board Risk Committee (“BRC”) assists the Board in overseeing the risk management function while the Audit Committee (“AC”) supports the Board in overseeing the internal control function of the Group.

THE GOVERNANCE STRUCTURE

An overview of the governance structure of the Company is as follows:



* Appointed on 21 February 2024

Audit Committee (“AC”)

The AC, with the assistance of the Internal Auditors, is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of internal controls and risk management system. In carrying out its responsibilities, the AC relies significantly on the support of the internal audit function, which carries out internal audits based on a risk-based audit plan approved annually by the AC. Based on these audits, the AC is provided with periodic reports highlighting observations, recommendations and management action plans in order to assist AC in the effective discharge of their roles and responsibilities. In addition, the AC reviews and deliberates on any matters relating to internal controls highlighted by the external auditors in the course of their statutory audit of the financial statements. Further information on AC is set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board Risk Committee (“BRC”)

The Board has delegated the oversight of the risk management function to the Board Risk Committee (“BRC”). The BRC is led by an Independent Non-Executive Director. The BRC is responsible for:

- setting the direction on all strategic and policy matters in relation to risk management within the Group,
- providing guidance on the development of appropriate and effective risk response and mitigation strategies and contingency plans,
- monitoring the overall risk profile and risk tolerance within the Group, and ensuring that this is well communicated within the Group, and
- ensuring the adequacy and effectiveness of the risk management and internal controls system to safeguard and enhance the value of the organisation.

The BRC comprises the following members:

Dato’ Ng Tiong Lip	Chairman, Independent Non-Executive Director <i>(Appointed on 7 August 2023)</i>
Mr. Chin Yoong Kheong	Independent Non-Executive Director <i>(Redesignated from Chairman to member on 7 August 2023)</i>
Ms. Lim Wan Yee	Non-Independent Non-Executive Director
Mr. Lim Ke Hun	Non-Independent Non-Executive Director
Tan Sri Arpah Binti Abdul Razak	Independent Non-Executive Director <i>(Resigned on 7 August 2023)</i>

The BRC met 5 times during the financial year under review and were attended by all members of the Committee to deliberate on:

- key risks of the Group and their mitigation measures,
- the Group’s Business Continuity Plan,
- stress test for both the property and plantation division, and
- critical functions of the Group and backup plans.

Risk Management Working Committee (“RMWC”)

The RMWC is responsible for identifying, monitoring and managing any potential and existing risks faced by the Group in achieving its objectives and strategies. The RMWC meets on a monthly basis for this purpose. Heads of Departments and other employees are also invited by the RMWC to attend such meetings from time to time.

The RMWC is chaired by the Group Chief Executive Officer (“GCEO”) and comprises the Group Chief Operating Officer (“GCOO”), Group Chief Financial Officer (“GCFO”), Chief Operating Officer – Property (“COO – Property”) and Chief Financial Officer (“CFO”).

The RMWC meets the BRC on a quarterly basis to report on risks that impact the Group, the mitigation strategies and the effectiveness of the risk management and internal controls system in managing the risks.

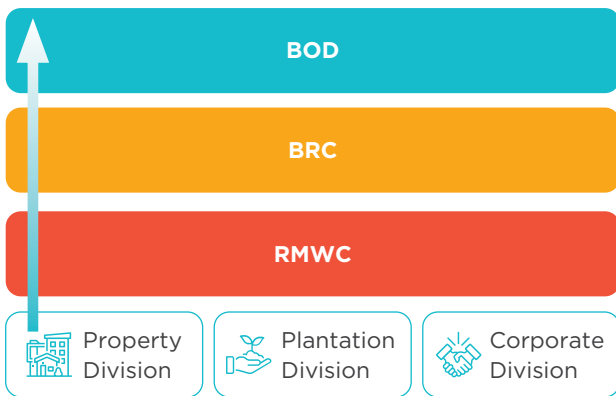
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Group has an enterprise-wide risk management framework, with process for identifying, monitoring and managing business risks relevant to the Group.

The Group adopts the following risk management approach:

Focused Risk Approach



All risks identified at the Business Units and support functions are captured in a risk register. The risks are assessed by the RMWC based on the Group’s risk tolerance and mitigation measures are implemented to eliminate or manage the risks to an acceptable level. Key risks are reported on a quarterly basis to the BRC and the Board.

Continuous Process



The Group manages risks through a continuous process of identification, analysis, evaluation, treatment, monitoring and review.

Integrated

The Board and Management have established several key features to ensure that the risk management process and controls are integrated into the Group’s business activities and decision-making processes. In addition, these features facilitate the Board in reviewing the adequacy and integrity of the Group’s risk management and controls.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The key processes of the Group’s risk management and internal control systems comprise:

1. Vision, Mission, Values

A clear vision, mission, corporate values and strategic direction, which are communicated to all levels of employees.

2. Organisation Structure and Delegation of Authority

An organisation structure with clearly defined lines of responsibility and accountability. Delegation of authority to Senior Management is outlined in the Discretionary Authority Limits (“DAL”) and reviewed from time to time.

3. Policies and Procedures

Operational policies and procedures including employee’s code of conduct and ethics are formalised to serve as a guiding principle to all employees within the Group for their day-to-day activities. The policies and procedures shall be periodically reviewed and updated to cater to changing business environment.

4. Internal Audit Function

The Group internal audit function was managed by both the outsourced Internal Auditors, Crowe Governance Sdn. Bhd. and the in-house internal audit function handled by its in-house Internal Audit (“collectively known as Internal Auditors”). The Internal Auditors report directly to the AC periodically on its assessment of reviews covering the financial, operational and compliance controls as well as risk management process. The AC will review the Internal Audit Plan which covers the scope of work of the Internal Auditors for the next financial year(s).

The Internal Auditors have access to all relevant records, personnel and properties within the Group to carry out regular internal audit of critical areas identified, which involve independent evaluation of the effectiveness of internal controls system and highlighting risk areas impacting the Group to the AC. The Internal Auditors reports to the AC on its findings, management’s responses, recommendations and actions implemented by the management in response to the internal audit findings.

Further information on the internal audit function and its activities during the financial year are set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK**5. Board and Board Committees' Meetings**

Periodic Board and Board Committees' meetings are held where important matters are highlighted, discussed and decided upon, thereby ensuring that the Board maintains full and effective supervision over key issues.

The Board is assisted by the various Board Committees, which includes Audit Committee, Board Risk Committee, Board Sustainability Committee and Nomination and Remuneration Committee.

6. Planning, Monitoring and Reporting

Group financial planning and budgeting is carried out at least once a year with inputs from business units and support functions, taking into consideration the external landscape including market and economic developments, the challenges, strategies and action plans, internal analysis and any other relevant factors. This leads to the formation of an annual budget and business plan, which is submitted to the Board. The annual budget and business plan are deliberated upon and approved by the Board before implementation.

On a monthly basis, the Management reviews and deliberates the financial and operating performance of the Group and its business segments against approved budget. The Management also monitors the progress of achieving its approved budget by forecasting the Group's performance for the remaining year, closely tracking the status of strategy execution and development in the external environment, and making necessary adjustments to the Group's strategies as and when required.

The updates on the Group's performance against budget are provided to the Board on a regular basis.

7. Management Meetings

There are several management committees which comprise Senior Management overseeing various aspects of the Group's key functions.

The Senior Management comprises of GCEO, GCOO, GCFO, COO - Property and CFO. Representatives from each division are invited to the Senior Management meeting, which is held on a monthly basis, to review and discuss various operational, financial performance, compliance and regulatory matters.

The Senior Management meets the Board on a regular basis to review and deliberate on all policies and business matters and raises significant matters to the Board and Board Committees during the Board and Board Committees' meetings. The

minutes of the Board and Board Committees' meetings are made available to the Board electronically.

8. Compliance Officer

AYER has appointed a designated Compliance Officer on 21 February 2024 to ensure that the Group is updated with and complies with all relevant regulations.

9. Employee Management and Communication

The Group's human capital strategy includes offering competitive remuneration packages, providing trainings and focusing on employee welfare, in order to attract and retain talents, and maintain a high level of competency and capability.

The Group has in place a systematic performance appraisal system for all levels of employees. The Group's key targets are communicated to employees during townhall sessions and incorporated into the relevant employees' performance appraisal, which is carried out at least twice a year.

RISK APPETITE STATEMENT

Risk appetite statements define the extent of risk that the Group is willing to accept in the execution of strategies approved by the Board, with the objectives of optimising shareholder value within an acceptable and balanced risk return.

The following are the risk appetite statements to set the tone from the top:

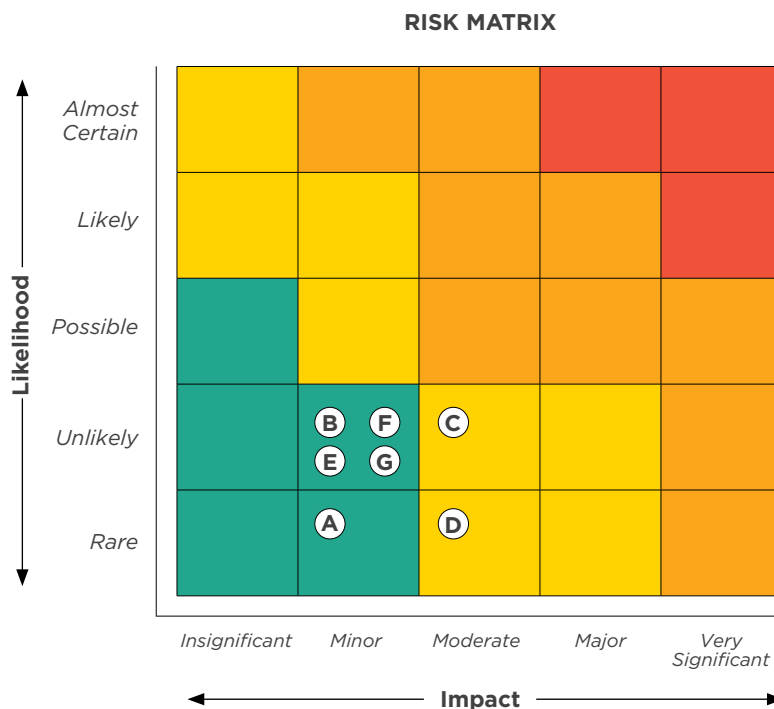
- The Group will continue to focus on property development business as its principal growth driver and will continue to develop suitable products which meet consumer demand at the right price and right cost.
- The Group will continue its oil palm and durian plantation business with larger durian cultivation, and keeping the Plantation's net assets contribution at not more than 30% of the Group's net assets.
- The Group will explore business opportunities in new or different geographic locations, products, market segments, business models and land usage, within the land-based business value chain, as part of its strategy to increase diversification, reap synergetic opportunities, improve profitability and the risk profile of the Group, taking into consideration return on investment of not lower than 10% and gearing ratio relating to the particular business opportunity not higher than 50%.
- The Group will consider inorganic growth strategy, such as joint venture, strategic partnership, mergers and acquisitions, in order to accelerate the achievement of its strategic goals in the long run.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Group will invest its funds with bank-backed fund managers, with the objectives of earning an after-tax return higher than fixed deposit rate, based on risk appetite that focuses on capital preservation and liquidity, while allowing some exposures for capital appreciation, achieving a balance between income and capital preservation, as well as medium term investment horizon, subject to the Group's cash flow projection and management.
 - The Group will maintain sufficient liquid assets to cover planned cash outflows.
 - The Group will maintain sufficient capital to support its business and maximise shareholder value through its cautious capital management approach that focuses on healthy capital ratios, with reinvestment of profits, reasonably consistent dividend payment and acceptable financial leverage.
 - The Group will uphold a zero-tolerance position on bribery and corruption and will strive to maintain good governance principles and practices.
 - The Group will support good ESG practices and will endeavour to exceed minimum regulatory compliance through continuous enhancement initiatives and sustainability efforts.
- The risk appetite statements will be reviewed annually by the BRC to continuously balance the risks and achieve the Group's business objectives.

RISK PROFILE AND KEY RISKS

The identification of key business risks takes into consideration both the likelihood and impact rating. Below are AYER's risk profile and key risks in 2023 and the actions taken to mitigate these risks.



- (A) Reputation Risk
- (B) Strategic Risk
- (C) Business and Market Risk
- (D) ESG Risk

- (E) Human Capital Risk
- (F) Operation Risk
- (G) Financial Risk

Legend

Risk Ratings (Residual)	
	Low Risk
	Moderate Risk
	High Risk
	Significant Risk

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the financial year under review, the following 7 key risks were most prevalent among Business Units in the Group. These were presented to the RMWC where controls, mitigating plans and monitoring mechanisms were highlighted.

Risk	Description	Mitigation Efforts
A. Reputation Risk	<ul style="list-style-type: none"> Conducting our businesses with strong ethics and corporate governance principles is critical in building trusts in our Group amongst our stakeholders. Inability to secure mandatory certifications and not able to produce quality products will have an adverse impact towards the organisation. 	<ul style="list-style-type: none"> We have a zero tolerance on bribery and corruption. We require all employees to undertake training and comply with the Code of Conduct and Ethics Policy, Whistleblower Policy and the Bribery and Corruption Prevention Policy. We have a Whistleblower Policy that enables employees and other stakeholders to lodge reports regarding any suspected misconduct. We are awarded the MSPO certification for both oil palm estates and the MyGAP certification for the durian plantation. We conduct pre-qualification process and award of property development projects based on tenders, engagement of qualified consultants and contractors to ensure project delivery and quality.
B. Strategic Risk	<ul style="list-style-type: none"> Our Group's overall performance on our property development would be impacted by changes to the industry, consumer demands and product failure. The concentration in geographical location where we operate, are critical factors that may impact our property development's long term plans. 	<ul style="list-style-type: none"> Our property development located at Bukit Puchong comprises of a few interconnected parcels of freehold land and there is continued demand due to scarcity of freehold land within Puchong, Selangor. We forecast property demand and trends, conduct market analysis, perform competitive analysis on our properties for both sale and lease options. We have strategic partnership with contractors, legal counsels and bankers to ensure proper planning and quality controls are in place. We hire experts for branding exercises to identify new trends impacting both design, product and sustainability of the brand identity.
C. Business and Market Risk	<ul style="list-style-type: none"> Our Group's performance is affected by economic uncertainties, sufficiency of labour and supply chain disruptions. In addition, our property segment's performance depends to a large extent on the buoyancy of the property market in which we have a presence while our plantation segment's performance is impacted by CPO volatility. 	<ul style="list-style-type: none"> We conduct market study and monitor closely property trends in the markets where we operate, and plan developments that meet current demand. We implement procurement policy which emphasizes on competitive tender and fixed price contract, while diligently manage our cost. We focus on improving labour productivity to achieve optimal yield. We monitor market development and trend and adjust our strategy accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk	Description	Mitigation Efforts
D. ESG Risk	<ul style="list-style-type: none"> • Adverse weather phenomenon affects our plantation output. • Poor management of human rights leads to conflict, workplace disruption and mismatch in organisation’s culture and values. • Non-compliance with rules and regulation changes, new and emerging compliance affects business continuity. • Lack of support towards the development of communities where we operate may impact our organisation’s values to promote a Purpose-led organisation. 	<ul style="list-style-type: none"> • We maintain sufficient water reserves by having ponds and irrigation systems for our plantations. • We provide good living conditions by building and refurbishing workers’ quarters at our plantations. • We provide regular training on health and safety regulations to promote a culture of safety at work. • We undertake community investment programs through the sponsorship of the Montfort Youth Training Centre and the Malaysian Estate Owners’ Association (“MYTC-MEOA”) Conductorship program. We provide education and employment opportunities for marginalised youth to learn and acquire new skills in the plantation industry by employing 2 graduates and providing internship opportunities to 2 trainees under this program. • We keep abreast on the latest rules and regulations from authorities via periodic information updates and developments.
E. Human Capital Risk	<ul style="list-style-type: none"> • Sufficiency and competency of manpower to complete project/development. Significant changes to hiring rules (especially on foreign workers) affecting manpower requirements. • Poor succession planning and employee retention and inability to recruit suitable replacement resulting in disruption to operation. • Lack of a diverse, equitable and inclusive workforce may impact the level of dynamism and economic performance for the Group. 	<ul style="list-style-type: none"> • We introduce technology-driven initiatives to improve productivity and operational efficiencies. • We deployed Group-wide Learning and Development programs (in-house/on-the-job/ external trainings/ seminars) for continuous upskilling and reskilling. • We conduct periodic review of the Group’s organisation structure to ensure adequacy and ability of expertise to support the Group’s growth and business expansion. • We provide competitive remuneration package and benefits to attract and retain talents. • We have established both a Board and Employee Diversity Policy since 2016.
F. Operation Risk	<ul style="list-style-type: none"> • Key operational issues of concerns will derail targets and plans. Significant technical issues that will have severe repercussions on operations. • Our digital system and platform are exposed to the risk of cyber crime and of information being leaked or tampered. 	<ul style="list-style-type: none"> • We undertake proper planning and project execution to ensure timely handover. • We monitor, service and upgrade our equipment, business tools and apparatus regularly. • We have in place IT policies and procedures and promote awareness of cyber security and data protection to our staff. • We have firewall in place for our IT systems and protect our data through regular system checks.
G. Financial Risk	<ul style="list-style-type: none"> • Our financial assets may suffer loss in the event of default by counterparties. • Liquidity issues that can derail business operations. 	<ul style="list-style-type: none"> • We place our funds with bank-banked fund managers and financial institutions with high credit rating. • We exercise tight credit control measures over our receivables. • We maintain healthy cash reserves for working capital purpose.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE FROM THE MANAGEMENT

The RMWC has assured the Board that the risk management and internal controls system of the Group is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

THE BOARD'S CONCLUSION

The Board is satisfied that the risk management and internal controls systems are operating adequately and effectively to safeguard shareholders' interest for the year under review, and up to the date of approval of this Statement.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, following the guidelines in paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.



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